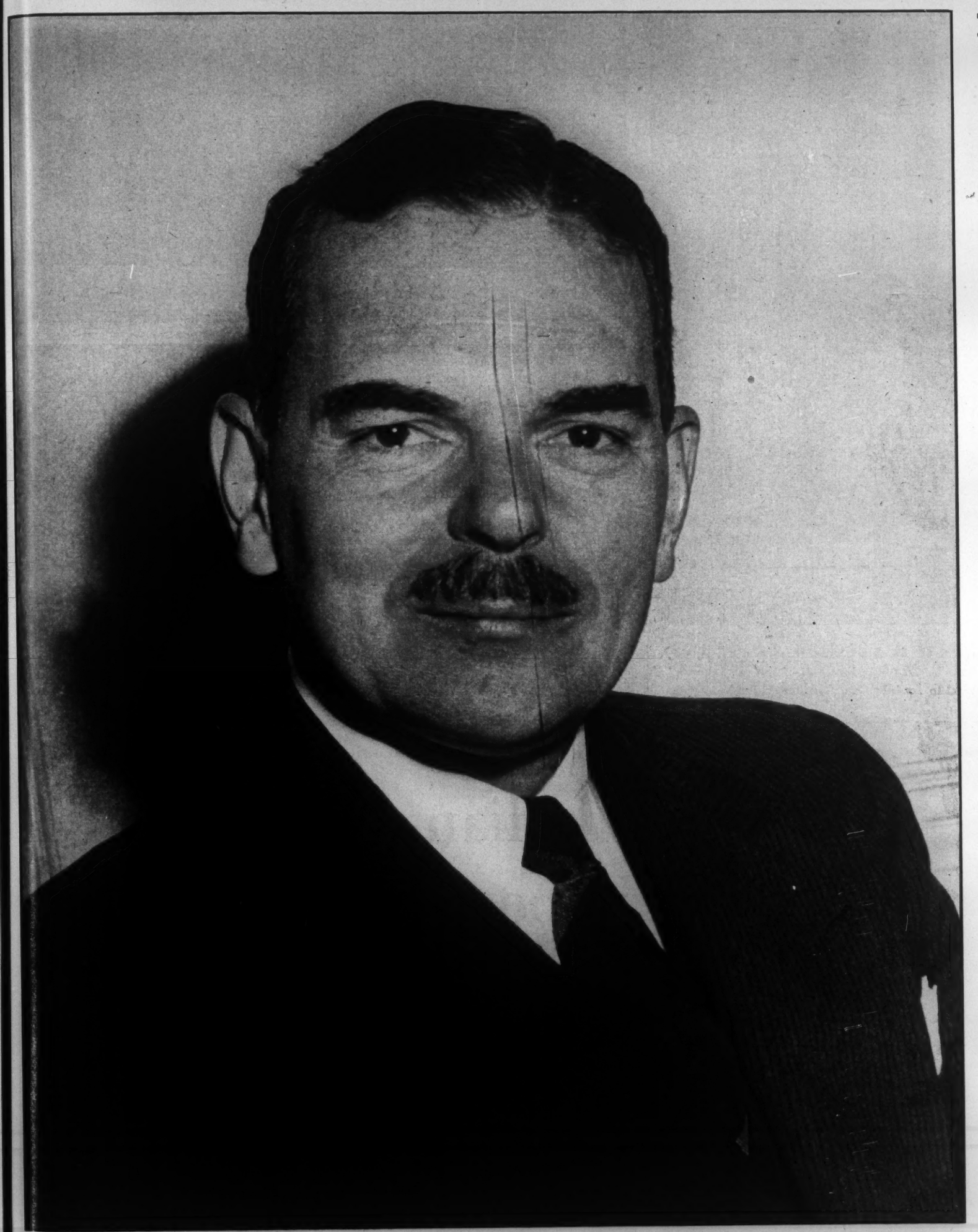
SATURDAY NIGHT

JULY 3, 1948 — PRICE 10 CENTS

VOL. 63, NO. 39 • TORONTO, CANADA

THE CANADIAN ILLUSTRATED WEEKLY



After the Wisconsin primary, Thomas E. Dewey seemed out of the running. Now, as the Republican nominee and without an F. D. Roosevelt to oppose him, he appears likely to be the next U.S. President.

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THE FRONT PAGE

They Won't Leave Ottawa

IN THE Saskatchewan elections the Liberal opposition made a good deal of progress; it had a leader who had won his spurs in Ottawa and gone back to the provincial field. In the Ontario elections the Liberal opposition lost its place to the C.C.F.; it had a leader who had done nothing in particular.

Saskatchewan is the only province in which the federal Liberals seem to have taken any interest. (A number of federal policies almost seemed designed to *lose* provincial elections and by-elections this year—and perhaps to win a federal election next year.) Mr. Walter Tucker will some day make an excellent provincial premier, but he only left Ottawa under considerable party pressure. He would have been happy to stay in his post as Parliamentary Assistant to the Minister of Veterans' Affairs; but the pressure was put on, and back he went to Saskatchewan.

Why has not the party done the same thing for other provinces? It is astonishing that Mr. Mackenzie King, whose party is notoriously weak just now in Toronto and in Quebec not to mention other provincial capitals, should actually boast that he has a dozen men with him in Ottawa who are good enough to take his place as national leader. Why is this so?

Except for the years 1930 to 1935, the Liberal party has been in power in Ottawa since 1920. Most of the able, aspiring, ambitious men in the party have migrated there looking for power and promotion. And since the Prime Minister began to hint, years ago, that his place might become vacant at any time, none of them has dared to make an excursion back into provincial politics lest he should be out of position when the time came to grab for the great prize. Up to the Walter Tucker episode, Mitch Hepburn was the last Liberal leader to be tempted back from Ottawa to the provincial field, and that was long before Mr. King began to hint.

And the end is not yet. None of the younger cabinet ministers will leave Ottawa, and go into provincial politics, as long as there is a Liberal leader there who is on the wrong side of sixty-five. Partly for this reason, and partly because recent votes show a leftward shift in the country, we are beginning to doubt whether Mr. St. Laurent is the best choice for the Liberal convention next August. (Perhaps we should add that Mr. Gardiner will be sixty-five in November.)

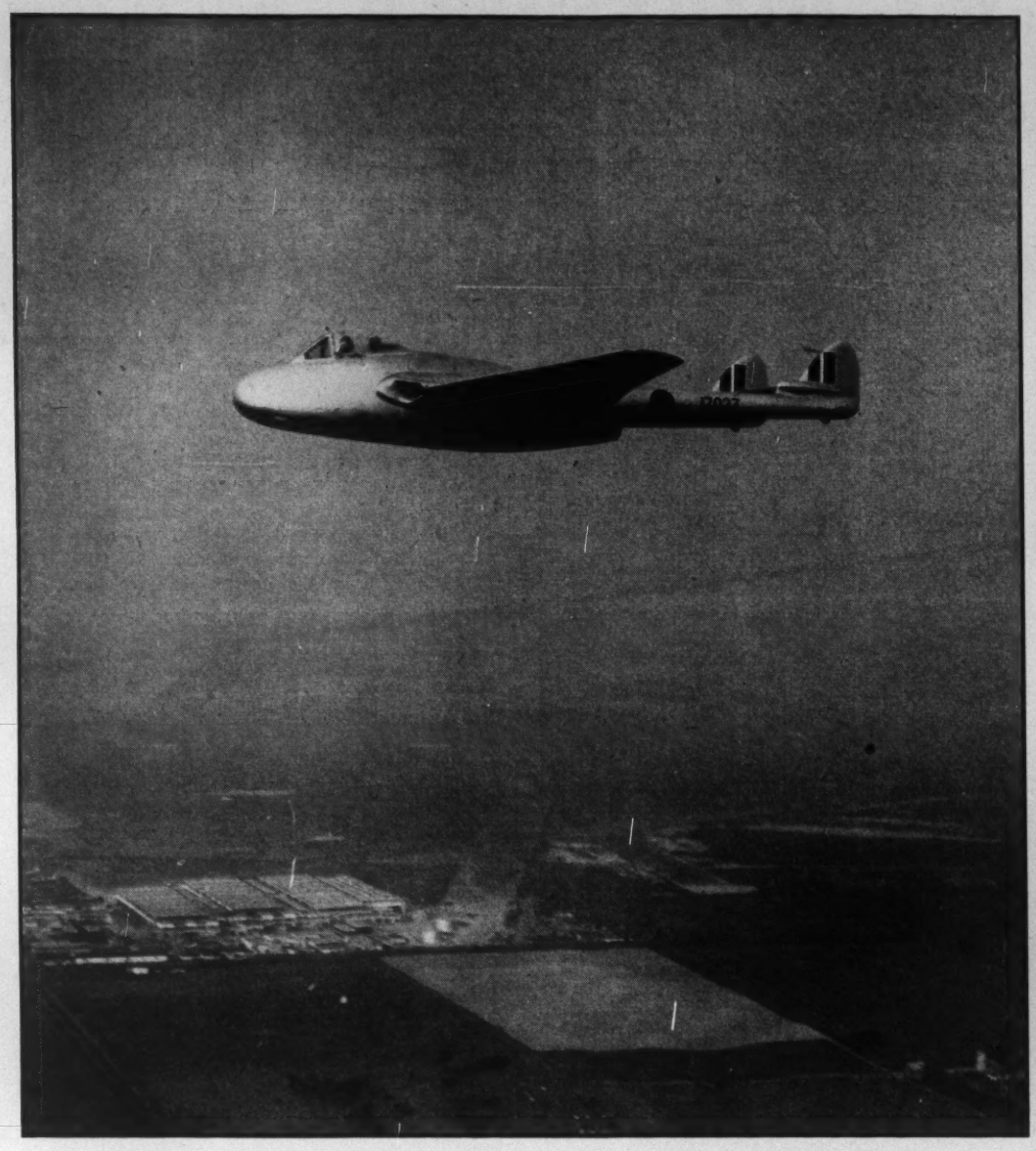
Rights and Behavior

WE DOUBT whether the C.C.F. as a political party, or the C.C.L. as a labor organization, would endorse the view concerning the union shop and the check-off which was expressed in the brief of the Canadian Brotherhood of Railway Employees to the Board of Conciliation appointed to deal with its current wage claims, but it is a view which seems to us much more reasonable than most of those presented by organized labor or by Socialist political parties on the same subject.

The union shop and the check-off, said the Brotherhood brief, "would give the Brotherhood that ultimate in union recognition and security *to which it is entitled by virtue of its record in the railway industry*". Not, be it noted, by virtue merely of the fact that it has been chosen as a bargaining agent. Not by virtue of the fact that it is a union of wage-paid employees. Not by virtue of the fact that it has large political influence, and subscribes to the funds of the C.C.F. Not by virtue of any of these things, but simply "by virtue of its record" in the industry to which it belongs.

In a word, this particular one among the "rights" claimed by organized labor is, in the view of the Brotherhood—or at any rate in the view embodied in its brief,—a right which can be established only by a record of correct

(Continued on Page Five)



To be fully trained as Canada's first line of air defence should the need arise is the aim of Canada's "civilian air force". F/Lt. Gordon Bell-Irving of the permanent force, flying jet above, is attached to Toronto's 400 Auxiliary Squadron.

Toronto Auxiliary Fighter Squadron on parade in Toronto on June 12, Air Force Day, led by Wing Commander G. W. Gooderham, ex-R.C.A.F., squadron O.C.

Toronto's civilian airmen in the inevitable line-up—this time for summer camp.

LAC. E. M. Day flies to parades in a Fairchild Cornell bought from War Assets.

Civilian Airmen To Fill Important Defence Role

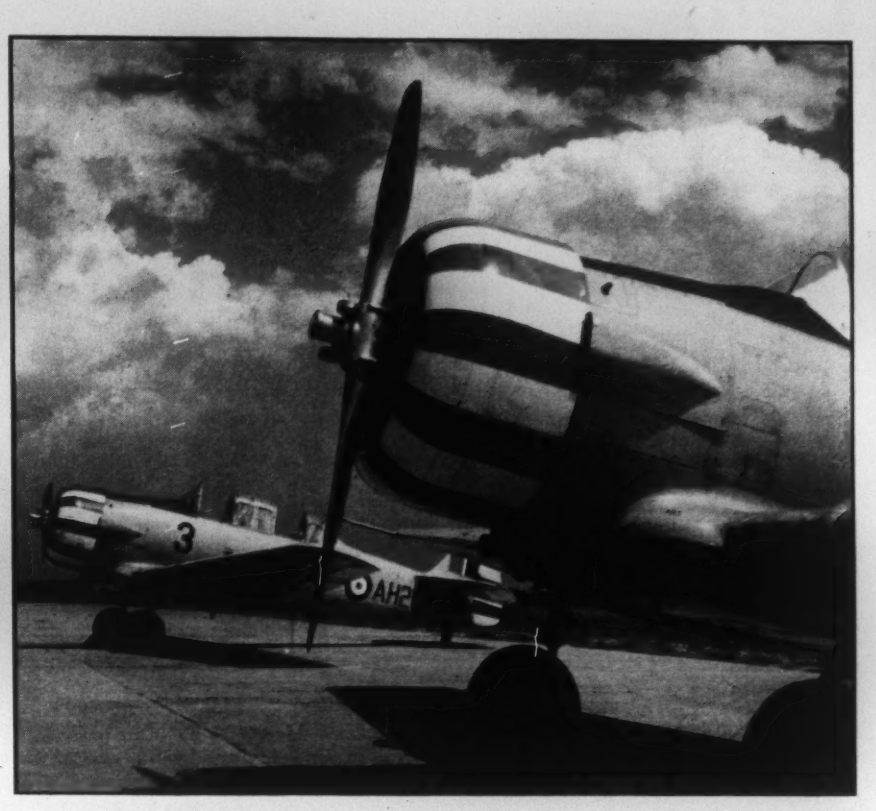
By Jean Tweed

Inspection of safety equipment at Downsview Aerodrome, near Toronto.

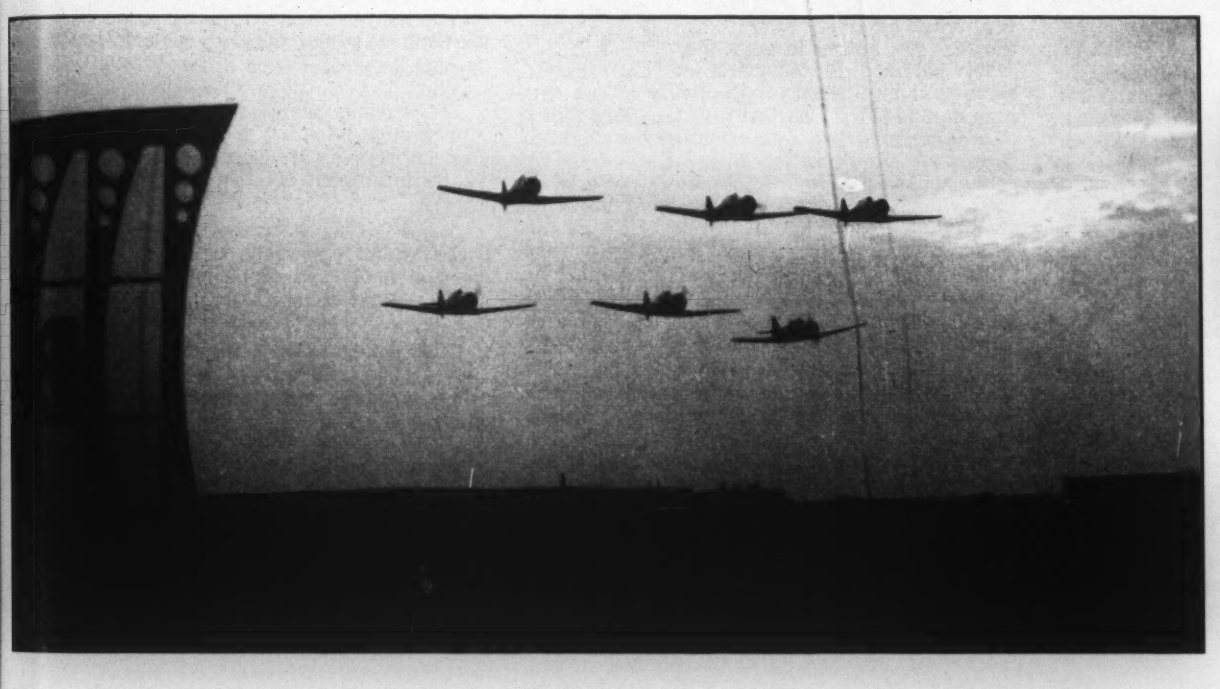
Cpl. J. W. Armstrong, communications technician, tunes 300-watt . . .

. . . two-channel transmitter used for point-to-point and ground-to-plane communication. Sgt. R. E. Owen (above, left) is in charge of electrical section.

400 Squadron's jet-propelled Vampires at Downsview Aerodrome, being serviced before take-off by the line crew—airframe mechanics and aero-engine mechanics. Vampires can do 540 m.p.h.



These Harvards are used as training planes by the Toronto squadron. Nearly all members are ex-R.C.A.F. Ground crews are urgently needed.



Toronto "400" pilots flying Harvards in formation over station's radar equipment at sundown.

This class of recruits is receiving instruction in rights and responsibilities from Sergeant Major B. P. Salt, M.B.E., ex-R.C.A.F.

SUNDAY soldiers have stood for a lot of kidding one way or another —"wooden-gun warriors", "Church-basement battlers" and other facetious epithets have been tossed about. However, in 1939, the sudden appearance of World War II left many scoffers wishing we had a lot more trained Sunday soldiers who could turn quickly into a regular force. A great deal of the technical knowledge, discipline standards and fighting know-how gained in World War I had gone down the drain. It took almost a year's training after the declaration of war before the first of Canada's forces were ready for action.

Without being warmongers or alarmists, Canada's present defence custodians are determined that this shan't happen again. On the grounds of plain efficiency they are stressing the importance of trained auxiliary and reserve forces so that the hundreds of millions of dollars we spent on training during the war will not be lost. Consequently much more importance is attributed now to the active reserves of the three forces.

These pictures show the work being done by one of the R.C.A.F. Auxiliary Squadrons. They are literally Sunday (and Thursday) fliers, but their efficiency is undoubted.

TODAY'S R.C.A.F. has three main components, the R.C.A.F. Regular, the R.C.A.F. Auxiliary and the R.C.A.F. Reserve. By the end of 1948 the R.C.A.F. Regular expects to have 75 per cent of its planned 16,100 established strength; the Auxiliary will have 10 squadrons with about 3,700 personnel; and the R.C.A.F. Reserve will contain all the ex-R.C.A.F. veterans who wish to remain connected with the Air Forces, but who are inactive.

Eventually the R.C.A.F. Auxiliary will contain 15 squadrons and have a strength of around 4,500. This compares pretty favorably with the 1939 figure of nine squadrons and 1,000 personnel. Of the ten squadrons planned for this year, eight have already been set up—six fighter and two tactical bomber squadrons — in Montreal, Toronto, Hamilton, Winnipeg, Saskatoon, Edmonton, Vancouver.

The bomber squadrons are in the prairie provinces and the fighter squadrons in the more industrial centres. The idea is that if Canada were attacked the industrial centres would be first on the list, and the fighter squadrons will form the first defence in order to give the bombers a chance to move in. All of which sounds very grim and foreboding and, it is hoped, more suitable to 1940 than 1948.

BESIDES acting as ace-in-the-hole in case of war, the Auxiliary Service has another function of retaining and improving the knowledge gained in World War II and passing it along to the next civilian generation. Although the present squadrons are now comprised mainly of ex-R.C.A.F. men, there are a number of new recruits who are graduated Air Cadets and civilians. These lads will be the Auxiliary Squadrons in ten years time, and they are getting a thorough grounding in such erudite aeronautics as jet planes, radar, radio, aero-engine mechanics, airframe mechanics and all the paraphernalia of a modern Air Force.

Members of the Auxiliary Squad-

(*Continued on Page* 24)

New members being measured for uniforms from R.C.A.F. clothing store at station.

F/Lt. John Perry, D.S.O., D.F.C., briefs pilots on the day's flight operations.

Inside one of the squadron's eight radar trucks. Radar equipment is worth about $400,000.

Dear Mr. Editor

O.A.C. Defence

I HAVE been greatly interested in the Galbraith criticism of my Alma Mater, re alleged defects in teaching and research (S.N., April 24, May 8). The history of O.A.C. is an intriguing one. The old college (originally the Model Farm, which excited the derision of politically opposed farmers and others) has had several crises, notably those in the late 80's or early 90's which resulted in a Royal Commission. In 1898 a student flare-up started the hegira across the border—a swarming to the U.S. with far-reaching effects.

One needs to remember that the O.A.C. of those early days was the agricultural runningmate of Upper Canada College. It was a glorified boarding school for farmers' sons and marked by immaturity! Possibly the main fault was in giving the institution the status of a college with a degree-granting prerogative. Many graduates made their marks across the line; many were absorbed into Canadian public service. For examples, Zavitz made a great contribution by trial and error selection to add materially to Ontario's agricultural production and wealth; Bob Harcourt's work, largely unsung, in the chemistry of wheat was the basis for great advances in the milling industry.

Teaching at O.A.C. got great impetus when the monk Mendel's work came to light in 1900. Soil physics at the college was then just a name, farm management being only dreamed of as a science, and animal husbandry largely empiric (it is still lagging). But English was the hallmark, allowing one to proceed to a degree. Hence, in a sense the Galbraith critique is a bit sweeping, when one considers the times.

O.A.C. was designed as a teaching institution for advanced technical instruction. If it has failed at all, it is that too great an emphasis has been placed on turning out degree holders rather than skilled men who will go back to their own farms and prove the value of their training. Unfortunately, there is today a tendency, in the yen for white collar jobs, to overlook the dignity of labor.

Saskatoon, Sask. A. G. HOPKINS, O.A.C., '99.

Pickering's Project

PICKERING COLLEGE students have been contributing to relief agencies for several years, but this past school year they adopted a German school. Here's how it started.

The student body had voted in favor of continuing the "relief meal" practice—one meal a week where only one glass of milk, one slice of bread, one bowl of soup, and a potato or egg, are served. The money saved on these meals was placed in the school relief fund. This money, together with individual contributions, gave the fund an income of about $150 a month. Guest speakers at our chapel services, like Jack Hollister of the A.F.S.C., made enthusiasm for the relief program run even higher among the students. When my Mexican roommate hit on the idea of adopting a European school, it quickly snowballed. The idea appealed to the boys—here was something that would be more tangible and exciting than letters of thanks from relief agencies. The student committee organized the project, and asked the Philadelphia office of the A.F.S.C. to help us locate a school that needed our help and was not too big for us to handle. We finally decided on the *Gausschüle*, a boys' school with an enrolment of 450 boys, in Brunswick in the British Occupation Zone in Germany.

Pickering put on a clothing drive and we collected about two tons of clothes and shoes, which the local dry cleaners and laundry cleaned for us free. When we heard from Dr. Dingerling, the Headmaster of the *Gausschüle*, that they also were badly in need of cleaning equipment for the partly bombed school building, we got rock-bottom prices on paint, buckets, mops, brooms, and so forth, from the Newmarket merchants.

By now we also had a sizeable sum we could use for food so we began to look around for shipping channels. There weren't any. After discouraging weeks of trying to fight through enough red tape to stretch from Pickering to the *Gausschüle*, there still seemed no way to ship our supplies. In the meantime we had more clothes, books, and money coming in. A pencil manufacturer gave a couple of thousand pencils and a printer sent three bales of paper that he had bound into notebooks.

Then we got in contact with the Canadian Council for Reconstruction through U.N.E.S.C.O., and they found us a way to ship our supplies through C.R.A.L.O.G., an American relief agency.

The supplies are to be packed in boxes we got from Newmarket stores and, although the boys have left Pickering for the summer and won't be able to see their contributions start on the way to Germany, our help should be leaving Canada inside of weeks.

The Project was not completely baulked by transportation difficulties; a portion of the relief fund has been expended on food parcels shipped by C.A.R.E.

Last week we received a list of 60 *Gausschüle* students who want to start correspondence with Pickering students. My guess is that they are just as grateful for the chance of reassuring friendships in a twisted world as they are for material help. We hope that other schools will help them find them.

MICHAEL MOUNTJOY

Pickering College, Newmarket, Ont.

HEAR! HEAR!

(Hearing aids bear a 25 per cent "luxury" tax.)

I'VE a friend who's hard-of-hearing, and he's certainly not cheering
For the government; in fact, he'd like to stab it—
And his normal flow of talking takes on adjectives most shocking
When he hears a person mention Douglas Abbott.

Using language close to Nature, he beshrews the Legislature
For its taxes on auricular devices;
He is very keen to try one, but he can't afford to buy one
At their prevalent inflationary prices.

But my friend, although deviceless, has one boon that's really priceless;
He's a lucky man. His beefing is absurd:
He can listen, all unwitting, while the parliament is sitting,
And he cannot hear a solitary word!

J. E. P.

"Annunciation", contemporary version by Jacques de Tonnancour, Montreal Art Association instructor and, at 31, one of Quebec's leading painters. He won a Brazilian scholarship in 1945.

Thought-Provoker

I AM glad Arthur Stringer has, by his parody (S.N., April 17), brought attention to a chapter in the Bible. The twenty-third psalm to me, at seventy, arouses various questions, questions which lead me to ask further: Why look for support or consolation in this utterance which features so pointedly debilitating ease and supineness? And who knows how much glamour, how much "Who will go sailing, sailing with me?" there may have been put into it?

The parody I must heartily welcome as a thought-provoker. It should make its way through orthodox circles which, in times of stress especially, incline, and, as I think, unfortunately, towards passivity—under the sovereignty of a Heavenly King.

Vedder Crossing, B.C. H. K. LEAVENS

For Better Paddling

YOUR paper has already given Avery Brundage some of the credit that is due him in enforcing Barbara Ann's refusal of a car as a gift, which kept her in the amateur ranks long enough to win an Olympic title. Ted Reeves did the same thing recently. But when your publication, the Winnipeg *Free Press* and others blast the Canadian Canoe Association for bowing tamely to the dictum of Olympic authorities re paddling in a sitting position, no wonder the public becomes tired of all this ragging of amateurism. We who are members of the C.C.A. are very proud of belonging to the only amateur sport left. The Association has not bowed to anything.

My partner, Bert Oldershaw, and myself, were first and second respectively in the one-man double-blade event at the Canadian Canoe Championships last year, but as we paddled from a kneeling position, in a racing canoe, we could not qualify for the Olympics. We knew this when we entered and we have no beefs about it. So why should anyone else? In the double-blade events at the Olympics, a very flimsy 27-pound kayak is used, and one must sit in craft such as those. A good paddler using a kneeling position in a racing canoe might not be worth a hoot in a kayak, and therefore, Canadian paddlers have not been up to par with other countries' double-blade paddlers, who specialize in paddling double-blade in a sitting position.

The C.C.A. has taken a decisive step to enforce our Canadian paddlers to paddle in a manner which will make them better suited to Olympic conditions, with the hope that we will become as proficient in that branch of the sport as in the single-blade events (which are still being paddled in a kneeling position). The only first won by Canada in the last Olympics was in paddling, and it is the best bet for another win for Canada at the summer games this year. Maybe by 1952 Canada will have as good double-bladers as they have single-bladers, through this new ruling.

Markdale, Ont. HUGH MERCER, Island Canoe Club.

Israel's Existence

NEITHER Willson Woodside's thinking nor the wishful thinking of any of the Bevin inspired boys anywhere can alter two basic points regarding the Palestine situation: (1) the State of Israel exists and will continue to exist; (2) there will be no interference with immigration. All tortuous thinking, name calling and pleading will change neither of these. If the Bevin bully boys can salvage something over and beyond these unchangeable points, then more power to them.

Montreal, Que. EUNICE FREEMAN

Little Shop, Big Shop

ATTENTION has been drawn lately to the shortcomings of Canadian literature and the blame for these shortcomings laid at the door of Canadian authors. That is hardly fair, I think. It is just another instance of the struggle of the little shop next door to the big shop. Not only does the big shop attract the customers; it even lures away the employees of the little shop by the promise of easier conditions and much larger emoluments. All that the smaller establishment can do is to develop patiently its own lines and pray for growth. When our population is twice what it is now, the problem will not be so acute.

Toronto, Ont. HELEN FAIRBAIRN

Appreciation

SEVERAL of my friends have asked me to express our appreciation of the fine Brain-Teaser Crossword Puzzles by the Crerars now appearing in your journal. We find them most interesting and unusual—a bit hard in places but worth staying with. We hope they will continue.

Vancouver, B.C. GRACE MELVILLE

Passing Show

SEEMS to us that somebody in the Toronto *Star* is having a lot of fun that he wouldn't have if J. E. Atkinson were still alive.

•

Reds are now banned from key posts in the civil service. And also, we hope, from keyholes.

•

We never did think that the absence of Mr. King's name from the inscription would spoil the tone of the Niagara carillon, and it hasn't.

•

Swim suits are reported becoming more conservative, which means that their occupants are becoming less liberal—with their charms.

•

President Truman is going to do a barnstorming campaign instead of a front or back porch one. He hopes the electors will forget that he was ever in the White House at all.

•

"Rising costs do not appear to be discouraging home buyers."—*U.S. News.*

After the first war, homes for heroes. After the second, it takes heroes to buy homes.

•

We doubt if the King slept any worse the first night after he ceased to be Emperor than he did the night before.

•

The beef price broke just in time to prevent us from starting a "Grow your own cow" movement.

•

Statisticians claim that the average IQ of the English is slowly but perceptibly diminishing. Of course; Mr. Drew is bringing all the really intelligent English over here.

•

A pair of work trousers costs a native African miner five weeks' wages, and it must be very difficult to persuade him that he would be worse off under Communism.

•

U. S. colleges are estimated to have turned out 400,000 graduates this year. Fortunately some of them will marry and support one another.

•

We wish we knew whether the Ontario legislature is going to get more like a labor union meeting or the labor union meetings are going to get more like the Ontario legislature.

•

In Toronto a hospital orderly was sent to penitentiary for two years for extorting money from another orderly. Altogether a most disorderly business.

•

Lucy says that from what she reads about the televising of the Philadelphia conventions it is just as well that the Canadian Liberals are going to have their little funfest without a nationwide audience of kibitzers.

SATURDAY NIGHT
THE CANADIAN ILLUSTRATED WEEKLY
Established 1887

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Authorized as second class mail, Post Office Department, Ottawa.

Printed and published by
CONSOLIDATED PRESS LIMITED
73 Richmond Street W., Toronto 1, Canada
MONTREAL ..... Birks Bldg.
VANCOUVER ..... 815 W. Hastings St.
NEW YORK ..... Room 512, 101 Park Ave.
E. R. Milling, Business Manager; C. T. Croucher, Assistant Business Manager; J. F. Foy, Circulation Director.

Vol. 63, No. 39 Whole No. 2880

The Front Page

(Continued from Page One)

behavior, of consistent respect for contracts and good faith in negotiations. It should not be even asked for by a new union, which can have no record, and certainly not by a union with a record for evading obligations and obstructing negotiations. It should be revoked whenever a union with a good record in the past begins to change its behavior for the worse.

It is a conditional, not an absolute, right. It is conditioned not only on behavior towards the employer and the public, but also on behavior towards fellow-employees; one basic condition, quoted by the Brotherhood from a U.S. report of as long ago as 1902, is "If the union is willing to receive any competent person into its ranks", whom the employer may wish to employ. Another condition, also quoted by the Brotherhood, is the preservation to the employer of "the right to select his own employees and of not being required to hire people whom he may not wish as employees".

A moment's consideration of these conditions will show how impossible it is that any such right as the union shop or the check-off can be made universal, by legislative enactment, for any union, whatever its record or its attitude towards admission of new members and towards the employment policies of the employer, merely because it has succeeded in getting a majority of the persons in a bargaining unit to vote for it as their bargaining agent.

The more widely we can get it recognized that the basis of all union rights, above and beyond the bare right to negotiate if a majority of the employees wish to have the union negotiate for them, is the good behavior of the union itself, the sooner we shall get out of the present era of industrial squabbling and uncertainty.

P.E.I. Labor Law

THE province of Prince Edward Island is small and not very populous, and for that reason it may be difficult to get the people of the other eight provinces to take much interest in what it does. But whatever it does establish is just as valid a precedent for similar action by other provinces as if it were done by Ontario or Quebec, and is in that sense just as important to all Canadians.

On March 25 last the legislature of Prince Edward Island enacted a statute amending its then existing labor law. Under this amendment the existence of any trade union in the province is made dependent upon the granting of a certificate by the Provincial Secretary; the granting or withholding is entirely within his discretion, except that he may grant it only upon receiving a certified statement that the union is autonomous and that its membership does not include any non-resident in the province. The certificate may be for any period that the Secretary may deem advisable, and may be cancelled at any time at his discretion.

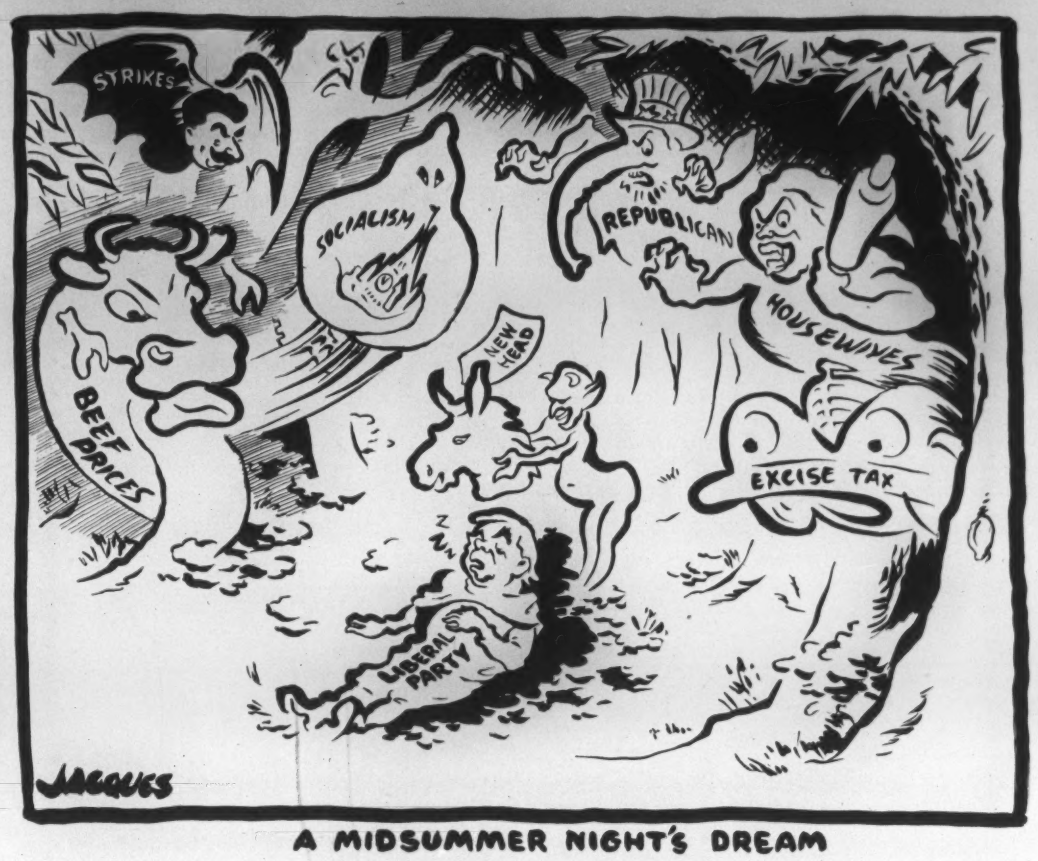
It appears to us that the right of a Prince Edward Island worker to unite with his fellow-workers in other provinces for the protection of his interests as a worker is one of the primary rights of a Canadian citizen, and that the worker in Ontario or Alberta has the same primary right to unite with his fellow-worker in Prince Edward Island, and that both of these rights are infringed by this statute.

If the statute is ultra vires of the legislature, which we strongly suspect, it will ultimately cease to have effect. But the process of securing a final decision against it will be long. It may be extremely difficult to start, because the enforcement of the amendment will normally take place in the criminal courts by prosecution of a person "who represents himself to be a member of, or who purports to act directly or indirectly on behalf or under the authority of, any trade union" which does not possess a licence, and such a case cannot be appealed beyond the province. Until it is declared ultra vires, every member or agent of an international or national union is liable to $100 fine or thirty days for every time he says he is such a member or agent.

It is our opinion that because of these facts the amendment should have been reserved by the Lieutenant-Governor, which would have withheld it from going into effect until assented to, giving the Dominion government an opportunity to consider (1) whether it is constitutional, on which point a reference could have been made to the Supreme Court, and (2) whether it is not contrary to Dominion policy.

It was not reserved and is therefore in force. It can be disallowed by the Dominion at any time within a year of its adoption, and it is our opinion that it ought to be disallowed even if it is constitutional. But governments are naturally reluctant to use the power of disallowance if they can avoid doing so. We suggest that the least that the Dominion government can possibly do is the least that is asked for by the petition of the two great labor organizations of the Dominion, namely a reference to the Supreme Court at public expense.

A Bill of Rights would protect the Dominion government from the embarrassment of having to put itself in conflict with the legislature of a province whenever that legislature uses its constitutional powers (at present unlimited by any express reservations) over the classes of subject assigned to it by the B.N.A. Act to oppress its own citizens or those of other provinces.



A MIDSUMMER NIGHT'S DREAM

The New Man

LOOKING back, we can see that we may have been wrong when Mr. Tom Dewey was last running for the presidency. After all, he was governor of a great State, he had given good administration, and he had successfully fought crime. But back in 1944 he seemed a little man. It was partly that Roosevelt was so big, and so strong over the radio; but Dewey, in addition to being stilted over the radio, seemed petty in his arguments and limited in his outlook. As the campaign went on we became ardent Democrats.

From the start of last week's Republican Convention he was ahead and leaving the other candidates farther and farther behind. On and off, we listened with half an ear to the radio during the whole affair—wondering whether Joe Martin's remarks about America being the only free country left in the world were based on ignorance or on a deliberate desire to offend possible American allies, and whether Mr. Hoover's high collar was wilting in the Philadelphia heat. Then, suddenly, we found ourselves listening to a new man.

"In all humility I accept the nomination . . . There will be teamwork in the government of the United States of America . . . We seek a world order founded on justice and righteousness." This new man said the right things and said them well. We look forward to hearing him again.

"Excess" Profits

IN a period of rising prices like the present a case can be made for quite heavy taxes on profits because these profits are produced, in large measure, by the inflationary conditions of the times; sometimes they are actually embarrassing to the companies concerned. But no valid case can be made for introducing or reintroducing an "excess profits" tax.

The Prices Committee, that recommended this tax in the dying days of parliament, never got its collective mind clear on the subject of profits. The C.C.F. members were at least consistent: they thought that profits were unnecessary and sinful and they had an alternative to the profit system to offer. The other members, including Chairman Martin, apparently never bothered to think the problem through.

And yet, surely, it is not very difficult. As long as there is a reasonable degree of competition, profits serve two purposes. They show, broadly, what products are wanted by the public and thus guide production from one line of goods to another. Second, they give to the producers of the goods that you and I favor the money they need to expand and further improve production.

An excess profits tax, that limits the profits of each business on the basis of some level of profits earned in the past, interferes fundamentally with the working of this system. Far more than an ordinary tax on corporate income, it removes the incentive to build up and extend sales and puts a premium on waste and inefficiency.

In wartime such a tax is tolerable for three reasons. First, everyone is agreed that nobody should profit from war, and on this account a tax is acceptable even though it is demonstrably unfair. Second, the government brings in a system of controls, allocations, and priorities that take the place of profits as a guide to production. Third, if capital is needed to expand the production of necessary supplies, the government stands ready to provide it. But none of these three considerations apply in Canada today and a tax on "excess profits" (excess over what?) would be quite intolerable.

A Cosmopolitan City

IT IS not without significance that one of the best pieces of criticism of Canadian English-language poetry to appear in Canada this year should be in French, in a French-language review (*Relations* of Montreal), and from the pen of a French-speaking member of the Society of Jesus. It is combined with an appreciation of an artist of the brush who is also not of the French group; and it is not without even greater significance that both the artist in verse and the artist in paint are Jews, and that both have exhibited an extraordinary capacity to penetrate sympathetically the mind and soul of French Canada. The poet is A. M. Klein, now of the English Department of McGill University. The painter is Louis Muhlstock, whose studies of the poorer quarters of Montreal have been seen in many Canadians exhibitions. Both are members of Eastern European families which settled in Montreal about the turn of the century.

Father Albert Regimbal, S. J., pays glowing tribute to the sensitivity of these artists, members of a race so different from the two which for centuries have dwelt on opposite sides of the English Channel, and have come together in the modern Montreal of which both are citizens. The book of Klein on which he comments is the "Poems on French Canada" and he finds in it "a soul which vibrates in unison with ours", that is with the soul of French Canada. And Muhlstock, he finds, likewise "consecrates his inmost self to the task of recording in beauty the things that we have most intimately cherished".

Few "native" writers in English have earned, and we fear not many have deserved, this generous praise from a French Canadian source for rich understanding of French Canadian matters. We are the more delighted to draw attention to this article, because there is an impression among Canadians of English tongue that the French Canadians are even less disposed than ourselves to render justice to the immense contribution which our citizens of Jewish origin are making to a broad Canadian culture. It may be interesting to add that Mr. Klein has recently received an award, the Edward Bland Fellowship, from a Foundation created and financed by American Negroes.

Wards or Citizens?

AFTER three years of study a committee of parliament (Commons and Senate) has recommended sweeping changes in our treatment of Indians—treatment that has altered very little since Confederation in 1867. The recommendations are many and detailed; they deal with health, education, liquor, taxation, the franchise, the management of Indian reserves, and many other matters. But they turn on a single point. In the past our Indians have been treated as wards—as children, to be guided, helped, controlled and protected; in the future, and as soon as the Indians themselves can be made ready for the change, they should be treated as citizens—as grown-ups with rights, freedoms, privileges and responsibilities like the rest of us.

In the long run, surely, the new point of view is the only healthy one. The sooner it is put into practice the better.

Daily papers have, of course, played up the liquor issue. Most of the churches urged the committee that the present policy of complete prohibition for Indians should continue (despite the fact that Indians manage to get liquor anyhow) but the committee, in line with its main purpose, recommends that Indians should be allowed into cocktail bars and beer parlors along with the rest of us and subject to the same penalties, while at the same time prohibition should be continued within the reserves themselves.

Much more important, surely, are the recommendations for making our Indian communities more democratic, more self-reliant. Band councils are to have wider responsibilities and, most significant, reserves which make enough headway are to become ordinary, independent municipalities.

Not Taking In Any

THE Trades and Labor Council of Toronto recently passed, and its sister bodies in other cities will doubtless endorse, a resolution demanding that "all immigration of alleged D.P.'s be suspended immediately and remain so until competent Canadian authorities are established in Europe to properly classify and select potential immigrants", and that when entry is sought in the class of skilled workers "only qualified craftsmen who can pass the tests be admitted."

The meaning of this is perfectly simple. It is that nobody shall be admitted to Canada as a D.P. who might enter the labor market in competition with the members of the Trades and Labor Council. The idea of inspecting immigrant workers for their skill before they leave their country of origin, and of prohibiting them from applying for any skilled job, no matter what their qualifications, if they have been admitted as unskilled, is something entirely new in this country, and we fancy in any immigration-receiving country.

It is however a perfectly logical development of the policy adopted by the medical profession, and indeed that policy was quoted by President Jenoves as a chief argument in support of the proposed ban. "The professions are not taking any D.P.'s," he said. "The doctors in this country are not allowing any D.P. doctors in. The same goes for the other professions."

We hope that the doctors are satisfied with the use that is thus being made of the example which has been set, not by them individually, for many of them have been ardent supporters of the refugees, but by their professional organizations. Nothing else was to be expected. It is inevitable that the conduct of highly educated professional bodies should be taken as an example by other organizations. If it is not a good example that is not the fault of the other organizations.

Efficient National Health Scheme Does Not Need State Medicine

By EARDLEY BENEDICT

The General Council of the Canadian Medical Association, convening in Toronto last week for the 79th year, recorded approval in principle of the Dominion government's plans for a national health insurance policy but strongly disapproved of state medicine, which, according to the doctors, "means control of medical practice by bureaucrats." This writer examines the government's recent modified proposals for national health services and discusses the implications for Canadian citizens, patients as well as doctors.

THROUGH the years the provincial departments of health in Canada have built up various forms of free medical care in those fields which affect the general public health. All conform, in some measure, in routine steps in the diagnosis and treatment of venereal diseases, tuberculosis, other communicable diseases, and regular inspection and testing of water supply, dairies, restaurant kitchens, etc. Many also maintain provincial laboratories for production and free supply of serums, vaccines, disinfectants, sputum and blood tests. All these facilities are now free for residents of the Dominion, who, by their condition, endanger public health. Gradually some departments are entering two other fields, those of cancer research and treatment and of infantile paralysis research and treatment. These in some provinces are now "free" also; that is, provided for out of public funds at no cost to the patient.

But there has been a growing demand for an over-all, Dominion-wide, health scheme for all ill-health, whether personal or of a nature dangerous to public health. Demands for government action seem to have centred in a pre-paid type of contributory health insurance. Election campaigns have been studded with promises of action in this direction.

In Toronto last week at the meeting of its General Council, the Canadian Medical Association seemed to favor some sort of a national health insurance policy, while at the same time opposing state medicine.

"The association fully realizes that the demand for a better distribution of medical care in this country is very strong," said Dr. H. E. MacDermot, editor of the C.M.A. *Journal* and spokesman for the council. "We are making a thorough study of the problem and are trying to fit in with the plans proposed by the federal government for health insurance."

It might be well to look into the difficulties, as well as the benefits, attendant on such government plans, in order to realize how long and hard a process it will be, before there is full operation. In the two fields, first, of treatment, and second, of hospitalization (which will be discussed in a second article), there are many difficulties not realized by the man in the street who simply wants free medical care, believing that it is his right to be as healthy as he can, all economic bars to recovery being set aside.

A Provincial Matter

Since health, like education, is a provincial matter, any federal scheme can only be in cooperation with provincial laws. It is impossible for the Federal government to say, for instance, that every recognized case of TB must be hospitalized, since the Dominion government has no jurisdiction over health, and cannot have without radical changes in the B.N.A. Act. Therefore, its present modified proposals for Health Services and Health Insurance, as of May 14, 1948, are for the making of annual health service grants to the provinces for specific work in treatment and research.

Briefly here are the proposals:

(1) For general public health: 35 cents per capita, to increase 5 cents per annum to a maximum of 50 cents per capita. Provinces, to qualify for this and the other grants, must maintain their present expenditure. The estimate for the first year is $4,404,000.

(2) For tuberculosis: an annual grant for the whole Dominion of $3 million to be increased to $4 million.

(3) For mental health: an initial grant of $4 million to be increased to $7 million.

(4) For venereal disease control: a grant of $500,000 per annum.

(5) For crippled children: a grant of $500,000 per annum.

(6) New fields of public health are entered; for the training of public health personnel, a grant of $500,000 per annum.

(7) For public health research: a beginning grant of $100,000 to be increased to a maximum of $500,000 per annum.

(8) Entering the field of cancer research, apart from general research, the government proposes a grant of $3,500,000 for this work, on a fifty-fifty basis with the provinces.

It will be seen that when in full operation, these proposals total about $23 million per annum, without administration. Matched by the provinces and assisted by organizations for cancer and TB work, the sum to be expended on these public health services alone would approximate $50 million per annum, not too big a proportion of national income for good public health. So much for the financial considerations of minimum health services, many of which are now in operation.

Wishful Thinking

The field of total personal health care, much wider than these specific public health problems, including as it would, tonsils and adenoids, varicose veins, heart and kidney, rheumatism and sinusitis, and general surgery, seems tremendous. Most plans put forward to date base their estimates of contributory payments on a per capita assessment of $5 per annum, no one family head to pay more per annum than a total of $30 to $35, depending on the province. Since exceptions must be made for pensioners, unemployables, and unusually large families, a sixty per cent segment of the population contributing $5 per capita would net the scheme, across the Dominion, no more than $36 million. To expect this income to cover medical, surgical and dental care, hospitalization, drugs, and such adjuncts as false teeth and glasses, seems to be wishful thinking.

Present non-profit plans, based solely on hospital care *or* medical care, are functioning on slightly lower fees, but no plan is now operating at this rate that covers *all* health care. Since it now costs over $3,000 per annum to maintain one TB patient in a sanitarium, it means that another 600 people would have to remain well for a year in order that their contribution would carry the sick one. Obviously, either the assessment is too low or politicians making these promises must intend converting other public funds to health insurance.

The C.M.A. officials had something to say about the financial aspects last week, too. In fact, it was their main objection to the proposed scheme. "We are not sure that the sum named by the government for the national health plan is sufficient," said Dr. MacDermot. He cited the national health policy of New Zealand as an example of costs greatly increasing.

What about making provision for the training of public health personnel? If the financial problems can be ironed out, the government has recognized this as the second great difficulty of a national health plan. The 12,000 doctors now in practice are working as many hours a day now as anyone may reasonably be expected to work, certainly nearly twice as long as the forty hour week demanded by industrial workers. Now working as hard as he can, the practitioner could not handle the tremendous amount of work that would be presented to him if every ailment were eligible for free treatment. The increase in average income during the war gave the doctor some indication of the backlog of illnesses accumulated throughout the country. People who for years had put off dentistry, eye tests, hernias, bad tonsils, chronic appendices, etc., found themselves in a position to pay for care and flooded the hospitals, many of which institutions had run half empty during the depression. The only thing that stood in the way of these "optional" cases, as opposed to emergency work, was lack of hospital accommodation.

Assembly Line Clinics

If everyone is to be treated for everything, men will have to be trained in wholesale clinical treatment, putting whole lines of patients through routine procedures in a few hours. The personal element of medical practice will have to give way to the assembly line methods of industry. No longer will the patient sit comfortably and lead up to his symptoms after a chat about his fishing trip or golf game. If state medicine becomes a reality under complete government control, he may have as much personal attention, and privacy, as he gets lining up for his driving licence. At present there are simply not enough trained and qualified men to deal with the total population for complete medical care.

Any politician promising immediate fulfilment of universal care is ignoring the problem of staffing his clinics. Even if the number of practising physicians were doubled overnight and matched by an equal number of laboratory and office personnel, it would be difficult to handle every ailment.

There is a firm conviction in the breasts of many Canadian citizens that the health proposals would have become realities long since, were it not for the refusal on the part of the medical profession to cooperate. There seem to be three main objections to state medicine on the part of the profession: first, working on a salary basis; second, being bored and frustrated by the paper work necessary in government-run agencies; third, the lack of incentive to improve abilities and skills.

Doctors generally feel that though, under such a scheme, they may necessarily have to go on a salary basis like other civil servants, that there is no guarantee that they will have the same privileges, particularly in regard to hours of work. Any salary suggestions, though not yet put forth in a concrete proposal, do not seem to be in keeping with the number of years of study and training that they have spent to obtain their degree, nor do they take into consideration the high cost of maintaining an office, a car and constant telephone coverage.

Emphasis on Paper Work

Those who experienced the tedious red tape of army procedure hesitate to join a plan that makes it general for routine work. If it becomes necessary to file requisitions in triplicate or quadruplicate for every drug prescription or X-ray treatment, the doctors will be using a lot of valuable time that might better be spent in active practice. Even the filling of the forms now necessary for workmen's compensation and sickness insurance takes many men back to their offices for several hours a week, after they have done their hospital work, house calls and office consultations.

If salaries are set, what is the purpose of post-graduate study? How many men, once installed in a government position will take post-graduate work, at their own expense, with no tax deductions, as they do now?

All these problems of finance and personnel have to be dealt with before any government, federal or provincial, can bring down a bill for national health insurance.

Although the C.M.A. has shown a willingness to cooperate with any plan to improve the health of Canada, the doctors, in the words of Dr. MacDermot, "are firmly opposed to any form of state medicine because we are convinced that it means our profession will become just another department under bureaucratic control, with doctors paid civil servants."

As Samuel Pepys noted in 1662, "I see it is impossible for the King to have things done as cheap as other men."

(In a second article, to appear shortly, the writer will discuss the government's national health proposals regarding grants to encourage hospital construction.)

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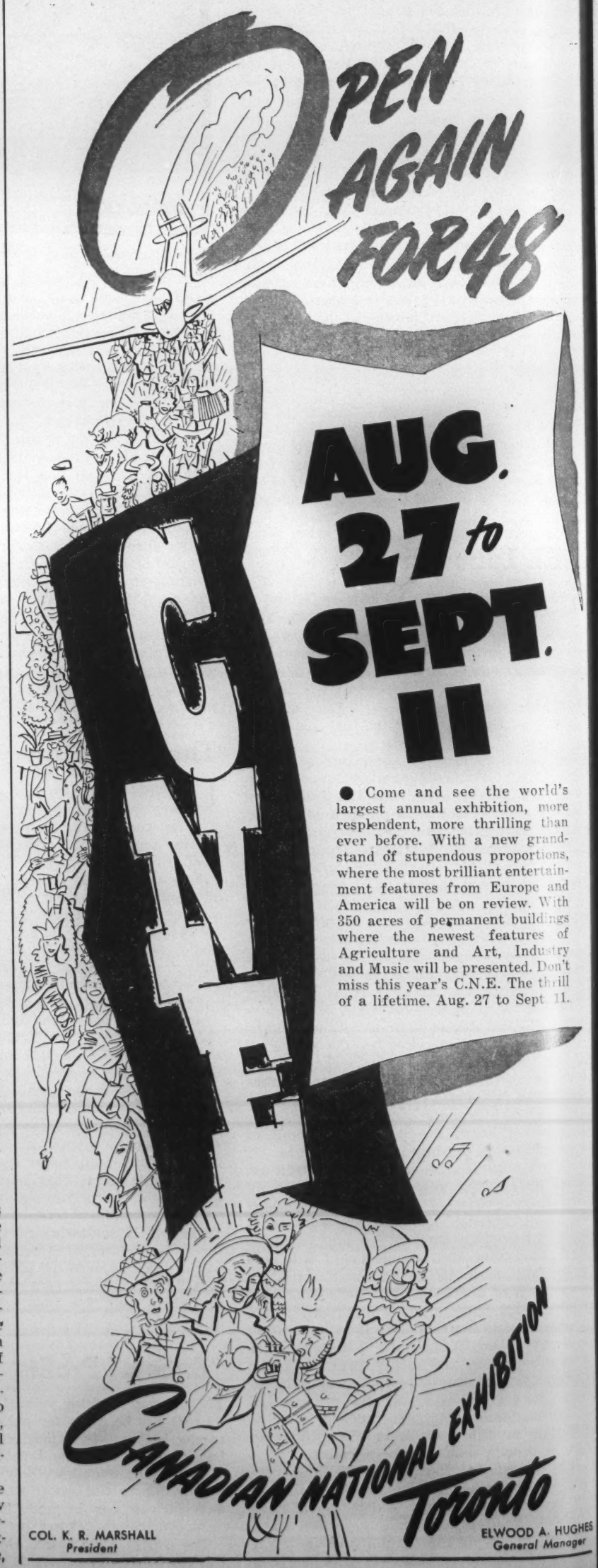
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Red Sickle to Cut Swath in Far East

By EDWARD BISHOP

Has Russia switched her immediate attention from Western Europe to Asia? Communism is almost completely installed in Burma; Indonesia, French Indo-China, Siam, all are having troubles with Communist agitators. In Malaya Communist gangsters are terrorizing planters in their fields.

London.

OVER South-East Asia there has appeared the menacing question mark of the Red Sickle.

Today, despite all the British blood spilled in the "bad-lands" of Burma and Malaya during the war—and since—South-East Asia is a landmass dangerously out of hand. Terror has taken over and Britain has failed for the time being in her duty to the native peoples and the European businessmen of the area.

Conditions in Malaya have deteriorated so rapidly in the past week that emergency measures are in effect and Communist gangsters are terrorizing large areas at pistol point.

In Burma, the Prime Minister, Thakin Nu, has attempted to modify reports that his country is going Communist. Thakin Nu is certainly no Communist, but his country has been in such an unsettled condition since it was given the chance of leaving the Commonwealth that soon he will remain the sole and very thin barrier between out-and-out Red rule and the shade of pink that his Anti-Fascist People's Freedom League appear to favor.

In Indonesia not even the Dutch, whose oversea territories include Java and Sumatra, can define the situation exactly. It changes every day and is exceedingly complex. Nevertheless they can tell you for certain that Communism is the evil.

The French have their problems in Indo-China. They are attempting to solve them by encouraging the spirit of union in the form of a French Commonwealth.

The Trump Card

Siam is also a potential storm centre, but will probably wait to see which way the wind blows, and then fall in with whatever policy seems most suited to the moment. It can afford to, for it possesses rice, the trump card in an eastern world seriously short of this staple food.

Much of the present trouble was bred in the war years. During the Japanese occupation the Asiatic either subsided meekly before the Kempetei (a Japanese exaggeration of the Gestapo) or joined resistance comrades in the jungle.

So that you now have a situation like this: The turbulent, the ex-guerrillas, have discovered that jungle law is akin to Communism and that Communism is a way to power for the individual and subjection of the masses, and are exploiting the fact that the masses have already been prepared for their methods by Japanese propaganda. Therefore, switching her attention from Western Europe, Russia has found some ready-made recruits in South-East Asia for a Communist republic that could stretch from Burma throughout Indo-China, Malaya, Borneo, Sarawak, Java and Sumatra.

Today the jungle "politicians" and professional murderers—they are all the same—are openly busy with the Stalin paint-pot, daubing South-East Asia bright Red. They are endeavoring to smear countries still in the Empire or recently "liberated" by the British Socialist government, with theories that can only be tagged "Made in Moscow". And day by day more British blood is spilled.

But while Whitehall had one plan for Malaya, the Kremlin had another. Towards the close of 1947, at a secret meeting in the remote Manchurian city of Harbin, a small group of representatives of every Communist Party in Asia made preparations for the present outbreak of violence. They issued a 36-page book written in Chinese characters. It was entitled "The Malayan People's United Front." It told Asiatics "not to be squeamish about the legal way of doing things." It appeared in Malaya, with the knowledge of the British Government, at the end of last year. Now its sentiments are being put into practice.

If Britain does not act soon she will have another Palestine on her hands—and shortly afterwards will have lost one of her few remaining dividend-paying investments abroad.

There is one man who can handle this situation—Lord Mountbatten of Burma. He is respected in Malaya—and his prestige is high elsewhere in South-East Asia. He left India last week. If he can be persuaded to return to his old headquarters at the Cathay skyscraper in Singapore, South-East Asia can be saved from Communism.

If not, there is little hope for the future of Europeans there, be they British, Dutch or French.

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OTTAWA LETTER

More Is Spent on Our Air Defence Than on Canada's Army or Navy

By WILFRID EGGLESTON

Ottawa.

ALMOST buried under the spate of domestic and international news events which bunched up in the latter part of last week, the review of Canada's defence strategy and current strength given by Hon. Brooke Claxton in the House of Commons on Thursday afternoon obtained far less attention from the Canadian public than its importance warranted. By the time editors had taken care of the crisis in Berlin, the Republican nomination, the Louis-Walcott fight, the provincial elections in Saskatchewan, the campaigns in New Brunswick and Quebec, and the rumpus at Ottawa about higher prices and the lifting of excise taxes, they could spare very little space or attention for Mr. Claxton. This was a pity, for I would judge that his survey, which lasted nearly an hour, was one of the frankest and meatiest examinations of our current defence problem we are likely to get in a good long time.

Accordingly, though there are at least three other first-rate themes clamoring for attention this week, I propose to devote this letter to the highlights of Mr. Claxton's candid disclosures.

The prime purpose of Canada's external policy was, the Minister said, to ensure the preservation of our peace and our freedom by peaceful measures. It followed that as external prospects darkened, defence forces had to be increased in order to make clear that if war did break out, our side would win.

Assumptions

To plan any sort of defence policy for Canada at any time it is necessary to start with some fundamental assumptions. It is not often that in times as critical as these cabinet ministers state with considerable detail what assumptions are now being acted upon by Canada.

1. There is only one possible aggressor, Mr. Claxton said.

2. For a power of middle rank, situated like Canada, there is no possibility of Canada fighting alone. If Canada is attacked, it will be as an incident of another world war.

3. In such a war, Canada's armed forces will be used only in association with friendly great powers, which leads to the necessity of close working arrangements with the United Kingdom and the United States. It explains also Canada's readiness to enter into a larger collective security league under Article 51 of the United Nations charter.

4. The day of the push-button war may be coming, but it is not yet here.

5. In the immediate future any attack on North America would be diversionary, with the precise intent of causing panic in the civilian population and the diversion of a disproportionate amount of effort into passive local defence.

6. If the potential aggressor had atomic weapons, he would in the near future be unlikely to use them on any but strategic targets of the highest priority. Mr. Claxton added that "it is very unlikely that in the near future such an aggressor would use any such weapons he had on many targets in Canada." In this short-term period, the Minister added, Canada is almost certainly not going to be either the Belgium or the Bikini of the next war.

Such were the main assumptions laid down by Mr. Claxton last week. Now, what is the short-term prospect as seen by Canadian chiefs of staff and accepted by the Minister himself:

"The signs point to a long period of great uncertainty."

Pitfalls

During this period there are at least three grave pitfalls to avoid, first that a change of Soviet policy may lull us to dangerous inaction; second, that we should come to regard war as inevitable; third, that by bad planning we should commit our resources and "freeze" our defence program to obsolete tactics and equipment.

The Minister of National Defence went on to define Canada's present defence aims and objectives in the light of such a philosophy. They were, first, to provide an active and available force estimated to be capable of defending Canada against any sudden attack; second, to maintain the organization and *cadres* capable of rapid expansion and completion in the event of war; and third, cooperative joint-defence plans with other nations for mutual aid and against aggression.

It is, of course, relatively easy to agree upon assumptions and to formulate a defence policy, though the extreme importance of reaching a correct philosophy is obvious. The tougher part begins when the policy has to be translated into military units, defence posts, equipment, training. Just exactly what forces does Canada need to fulfil the first of the requirements listed above? In view of all the possibilities of an aggressive war against North America, what must be done to guarantee Canada's safety in the event of a sudden attack? What will be necessary in another ten years, in view of the known evolution at a rapid pace of the offensive weapons of war?

The Minister related a good deal of what is actually being done. We are spending about $250 million annually for defence, a good deal less per capita than several of the greater powers, by the way, but over ten times as much as we did on an average after the first Great War. (An appropriation of $16,000,000 for defence *research* alone was included in this year's estimates; this is more than was spent on the three forces, plus research and all other aspects, in the early 1930's!) Whether what we are doing with our $250 million a year comes anywhere near satisfying the defence aims and objectives outlined by the Minister is a matter which the general public cannot even guess at. Military critics say it is far short of being enough.

Aircraft Deliveries

War has always been a costly business; the rate is still soaring. Mr. Claxton gave one striking example. During the year just past, he said, Canada had taken delivery of 85 Vampires, 30 Mustangs, 23 North Stars, 20 Firefly IV's, 27 Seafuries, 3 Sikorsky Helicopters, 3 Chipmunks and 36 Austers. This is a total of 237 aircraft: a large number in peacetime, but representing about twice what the R.A.F. lost at Dieppe, enough, in other words, for a couple of large-scale raids. Yet those 237 aircraft at today's prices cost $35,000,000.

Canada's air policy was revealed with much frankness by the Minister. In the air, he said, only three countries were able to maintain an effective strategic bombing force. "We are, however, maintaining one permanent and two auxiliary bomber squadrons," he added. "In this way we will keep abreast of modern trends and development in the art of bombing. Our main peacetime task will be to supply interceptor fighter squadrons and ground forces necessary to deal with attacks on Canadian territory." For the first time Canada is spending more on her air force and the fleet air arm than on either the navy or army.

The Minister of National Defence has a task to make even a stout heart quail at times. In both previous world wars the outbreak found Canada virtually unprepared but she was given years of grace to get ready. If a third world war breaks there is little likelihood either that a long period for mobilization will be granted or that Canada can for a third time escape the direct destruction of aerial raids, and perhaps not even invasion. The dilemma of every military planner is that he must prepare years ahead against technological evolution, prepare and spend in times of peace, when it may be difficult to persuade the general public of the need to vote generous appropriations. It is a commonplace that democracies suffer an inherent handicap against dictatorships in such a preparation. Also, the aggressor enjoys a very large advantage in that he chooses the moment to strike, and he can make this coincide with the period when his own planning has come to full fruition.

Mr. Claxton's delivery in the House was certainly not very dynamic and the House itself seemed apathetic. But if he lacked bubbling vitality, part of the reason lies in the creditable fact that he has been burning himself out on departmental tours and policy administration. Criticism of his policy will be healthy, but it can be given without minimizing the able and zealous contribution the Minister is making in a most difficult post.

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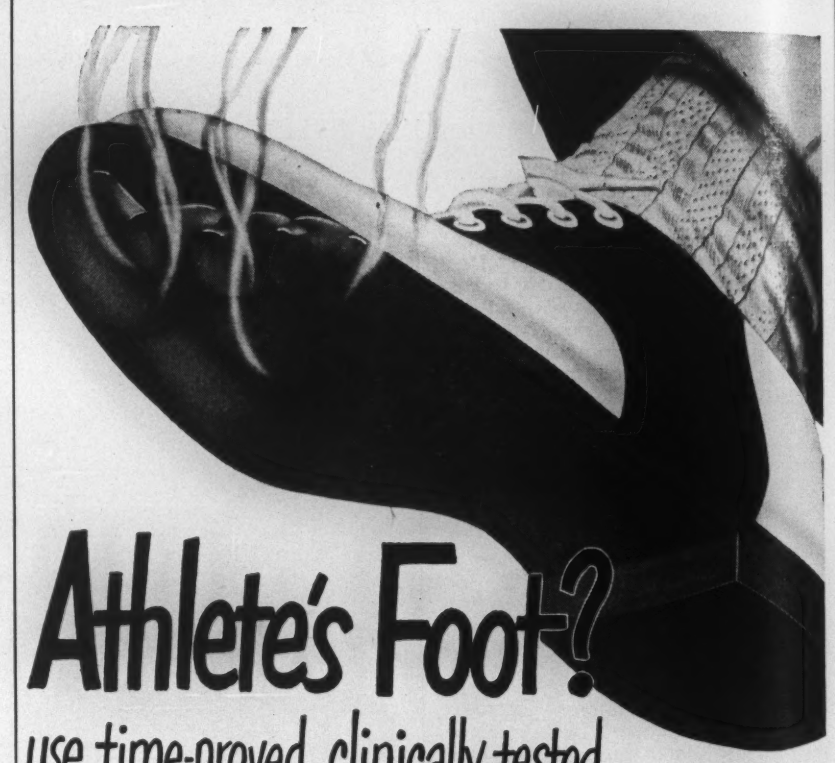

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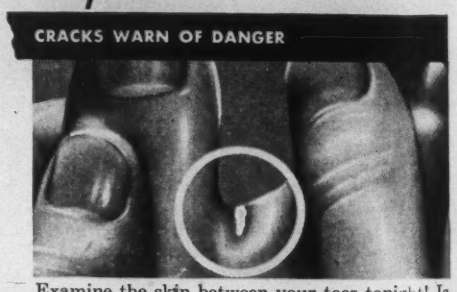

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WASHINGTON LETTER

Dewey's Record Is Best Material For G.O.P. Campaign Planners

By JAY MILLER

Washington.

HOWEVER confident, or overconfident, the Grand Old Party may be at this time, Tom Dewey is far from being assured of a lease on the White House by his nomination as the Republican candidate for the presidency of the United States. That shrewd little band of political craftsmen who successfully manoeuvered him to success at Philadelphia must do the same job on the entire American electorate that they did on their party before the November election is in the bag.

Perhaps none are more aware of this than these Dewey men, Herbert Brownell, Jr., J. Russel Sprague, Edwin F. Jaeckle, and Representative Leonard Hall, chairman of the Republican Congressional Committee. There are voters in the South who like Dewey no better than they do Harry Truman, because of what the New York governor did in passing Fair Employment Practices Legislation.

The Dewey organization is playing in luck, it must be admitted, although they handled the convention without having committed one tactical error. No sooner did their man have the nomination than a very serious movement started right here in the Capital to urge Democratic delegates preparing for their July convention at Philadelphia to omit the President's name from ballots and write in General Eisenhower or Supreme Court Justice William O. Douglas.

Mr. Truman admitted prior to the convention in "bull sessions" with members of his own official family that Dewey would be the toughest man of all the Republican hopefuls to beat. The President has been slow in commenting on the Dewey candidacy, but has let it be known through friends that he regards Tom Dewey as merely another political conservative who will not be able to swing the mass of the voters.

This write-in campaign, launched here by the Veterans-for-Eisenhower local, reflects sentiment elsewhere throughout the country and all of it isn't in the "solid against Truman south." The regular Democratic organization, of course, is fighting to get the "Chief" on the party ticket. Mr. Truman has taken it for granted, by his conduct on his Western tour, that he will get the Democratic nomination. The many bleak features about his political prospects, and this renewed effort in Democratic ranks of varied political hue to replace him, presage an interesting event when the party meets in Philly on July 12 to pick their man.

Whoever is the Democratic candidate will have one uncontrovertible fact about Tom Dewey to combat. He is a consistent second time winner. And many American voters are firmly convinced that a change is long overdue in the tenancy of 1600 Pennsylvania Avenue.

Instead of Glamour

The American electorate, which likes a touch of movie glamour in its politicians, may not like Mr. Dewey's newsreel appearance or may bemoan the fact, as he himself now frankly does, that he lacks a few inches of height. But there are few observers whose judgment is worth considering who would gainsay that Dewey is one of the ablest administrators in American political history. He may be a "cold fish" who innately lacks that folksiness that comes so easily to Harry Truman, or he may be a "cruel" or "calculating" operator as some of his critics charge, who will defeat an opponent, criminal or political, at all costs, but he has proven in his term as New York governor that he can administer public affairs ably and satisfactorily.

Next to his flair for efficiency which is known to a good portion of the voting public, is his ability to surround himself with top bracket people. On top of that he is a master at "team play", the same sort of cooperative organization work that won him his first reputation as New York's racket buster.

Tom Dewey long ago laid to rest that chestnut, "They never come back." He has always come back. He lost out on his first time out for the governorship of New York State. And he lost by about one per cent of the vote cast. Then he came through the winner on his second try.

He failed on his initial bid for the Republican presidential nomination in 1940, although he had led on the first ballot. Four years later he won the nomination in a breeze. At that time he lost his first campaign for the American presidency. Now, of course, he is on his second bid for the supreme honor in U.S. politics.

There's another "second try" factor in his poor showing in the spring primaries. He was able, through the round-the-country, tireless, painstaking work of himself and his campaign staff, to recover lost prestige.

The Dewey camp was glum when he flew to Oregon last May to debate with Harold Stassen. He had just been through the Wisconsin primary fiasco, where he arrived late and made a poor showing that gave Stassen the lead in popularity. When Stassen made the mistake in the Oregon debate of claiming that the Mundt anti-Communist bill outlawed the Commie party, Dewey nailed him. The major networks carried it, and immediately his prospects changed. Stassen had figured Oregon was his but the state gave Dewey a 9,000 lead.

Dewey may be no Dale Carnegie personally, but he has demonstrated that he believes in social legislation to help the mass of the people. It was his F.E.P.C. laws for New York state that caused two Negro delegates in Atlanta to switch their votes from Senator Taft and give him the Georgia delegation.

He raised workmen's compensation insurance payments from $25 to $33 a week. He favored an adequate veterans' bonus, and a legislative committee advocated bonus payments up to $250 for 90 days overseas service of the 1,300,000 New York state veterans.

Although Governor Lehman, the Democratic governor who paradoxically gave him his "racket-busting" chance, left a tidy $60 million surplus, this swelled up to $700 million during the war years when there was no highway or public building construction.

New Business, New Bills

Dewey dug up new business for the state by creating a commerce department which watched awards of war contracts in Washington and offered the advantages of N.Y. manufacturing facilities and shipping.

Until Dewey introduced bills against discrimination in employment, everybody had been talking and nobody acting on this controversial subject. The laws were passed, despite opposition even from old-line Liberals, and state industries revised employment laws to assure that they were not discriminating against minority groups.

Dewey's 1944 campaign made him known to America. His Horatio Alger story is familiar copy. "First presidential nominee born in this century." He was born over a general store in Owossa, Mich., on the banks of the Shiawassee River. His father was editor of a country weekly and assistant state auditor at Lansing. He wanted to be a singer, and after graduating from the University of Michigan, won a scholarship for vocal study at the Chicago Musical College. There he met Frances Hutt of Oklahoma, went to New York when she moved there. They were married, have two strapping sons, and a 400-acre farm at Pawling, N.Y.

The rest is equally well known. His liberation of New York city from the rackets in the flour, restaurant, poultry and garment industries, and his smoking out of Lucky Luciano, the vice chief, who lived at the Waldorf Astoria, and Tammany Leader Jimmy Hines, who benefited from the numbers racket.

Anent Mr. Dewey's pledge that he will give Washington its greatest "cleanup" in history by clearing out all the New Dealers, here are two curbstone comments, for whatever they are worth.

A well-known government lawyer, whose politics are known to be well to the left, told friends: "Hell, I'm looking for a job right now. I'm too much to the left for Tom Dewey."

And two prominent furniture moving men of my acquaintance seriously predict an extremely busy January and February "unless the Republican party does something awfully stupid between now and November."

"We'll be up to our ears in work, moving the Republicans in and the Democrats out," one commented.

That does not mean that Tom Dewey will make Washington a great pork barrel so far as political jobs are concerned. In this national capital, the security of Federal employment is all important. It's the same in Ottawa. Civil servants want to know that they will have their jobs. Job security is the most valued asset of any worker.

Tom Dewey demonstrated that he could treat government workers fairly in New York state where there were no politically expedient firings after his election. On top of that he increased the pay of state employees.

But if he does take over the White House, the U.S. capital is in for a dose of administrative skill that will rival the best management tactics of modern industry. So some of his critics as well as his admirers believe.

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Sweet gratitude within me swells,
So many privileges flow!
Think of the tower of soap that sells
By favor of the radio!
Think of the television fights!
(Science is wonderful, no doubt.)
Or the celestial delights
Inherent in a wrestling bout!

J. E. M.

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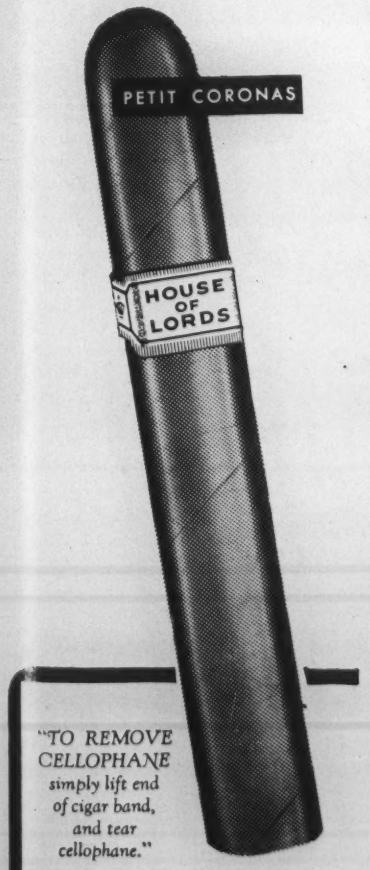

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LIGHTER SIDE

A Quick Dab Behind The Ears

By MARY LOWREY ROSS

"WHAT'S that?" Mr. Amos asked as Mrs. Amos put a bulky newspaper-covered parcel in the back of the car.

"It's the used coal oil burner we brought back from the cottage", Mrs. Amos said. "I thought I'd take it down to the store so there wouldn't be any mistake." She took out a kleenex and rubbed her fingers. "It smells rather."

"I thought maybe you were taking it to the Potter party." Mr. Amos said.

"It would look cute, wouldn't it?" Mrs. Amos said. "On Ida's dressing table among all her lovely jars and bottles? Kerosene No. 5."

"How long will you be?" Mr. Amos asked.

"I have to do some shopping," Mrs. Amos said. "How about picking me up in front of the store at a quarter past five?"

HOLDING her parcel as far away from her person as possible, Mrs. Amos hurried down to the stove department. The clerk unwrapped the parcel and shook his head. "We've had these things on order for a year now," he said. "There's no knowing when they'll turn up."

"Then could I just leave it here?" she asked.

He wouldn't advise it, the clerk said. "If you ever lose it, the rest of your stove won't be any good. You need it to conduct the oil to the other burners."

"But I can't carry it around with me!" Mrs. Amos said. "I have to shop in the Dress Section. Couldn't you at least put it in a paper bag?"

In the end he found her a brown paper bag, and Mrs. Amos went off still holding her parcel fastidiously at elbow's distance. People pressed against her in the elevators and by the time she found herself in the little dress cubicle in the Better Dresses the fumes had worked free and the parcel seemed to be giving off strong, fierce waves of kerosene. She put it on a chair and covered it with her suit coat. Then she tried on a two-piece dress of butcher's linen and decided it looked terrible.

"It has very good seams you could let out," the sales girl said and added, "funny, I keep smelling kerosene."

"There does seem to be a smell of kerosene," Mrs. Amos said and studied herself frowning. "Perhaps if I moved the buttons—"

"Would you care to try a size 16?" the salesgirl asked; and Mrs. Amos who had never worn a size 16 in her life, said indignantly, "Never mind, I'll take this one. You can put it on my Charge Account."

Half an hour later, wandering about on the main floor she was suddenly conscious of a feeling of mingled freedom and alarm and realized she had lost her coal oil burner. She hurried back to the Better Dress section and found the cubicle still empty. The windows were wide open but the air still held an evocative memory of kerosene. The parcel had disappeared.

She went down at once to the Lost and Found Bureau and asked if a parcel had been turned in from Dresses.

"What sort of parcel?" the clerk asked.

"A brown paper parcel," Mrs. Amos said, and added, "it smells of kerosene rather."

He found it immediately. "I'll say it does," he said. "Whew!"

At five-fifteen Mr. Amos picked her up in front of the store. "Whew!" he said as she entered the car.

Mrs. Amos tossed the burner into the back of the car and sank back in the front seat. "I couldn't get rid of the damned thing," she said, "and I've bought a perfectly horrible dress I'll have to take back."

"Still going to the Potters?" he asked.

"I suppose so," Mrs. Amos said and added sombrely, "if anyone lights a cigarette I'll probably light up like a wick."

"Cocktail parties aren't any fun any more," she said after a moment. "The men just get together and talk about Palestine while the women talk about their permanents. I don't like the Potter parties anyway. Ida Potter would think it was terribly vulgar to talk about her husband's salary but she doesn't mind giving you all the figures on her children's intelligence quotients — every time you meet her."

"You sound as though you needed a drink," Mr. Amos said.

"Why else do you think I'm going to the party?" Mrs. Amos asked.

AT THE Potters' she took a quick Martini and then wandered off to the end of the room and pretended to be absorbed in *Newsweek*. Presently Mrs. Potter came up with a short, square, smiling man in a double-breasted suit. "Mr. Prescott, Mrs. Amos," she said and added, "he wanted to know who the lonely lady was."

"I'm not really being unsociable," Mrs. Amos explained when they were alone. "It's just that I smell of kerosene."

"Why, so you do!" Mr. Prescott said interestedly. "Is that a personal preference?"

"Well, I try to use it discreetly," Mrs. Amos said, already beginning to feel a little better. "Just a quick dab behind the ears."

"I've always liked the smell of kerosene," Mr. Prescott said. "It reminds me of my boyhood."

He told her about his boyhood. Why was it, she thought, that men always reminisced about their boyhood to women and women never reminisced about their girlhood to men? She wondered how Mr. Prescott would be affected if she started telling him about P.T. class and the time the Junior Girls' Team won the basketball trophy. Still, she enjoyed hearing about Mr. Prescott's boyhood and she was sorry when he disappeared unaccountably and she found herself in a group discussing Palestine. Everyone, including Mrs. Amos, had a solution for Palestine and all the solutions sounded enlightened and reasonable. Presently Ida Potter came up. "Having a good time?" she asked. "Wonderful!" Mrs. Amos said. "How are the children? I suppose they took all sort of prizes and scholarships at the closing?"

"Just General Proficiency," Ida said modestly. "But their report cards were a scream. Did I tell you? They got A in everything except Effort. They both got B's in that."

"They're amazing," Mrs. Amos said.

"I don't know where they get it," Ida said, "not from me, I'm sure of that."

"Nonsense, darling," Mrs. Amos said, "of course they get it from you."

AN HOUR later the Amoses were back in their car. "You know, I rather like the smell of kerosene," Mrs. Amos said. She inhaled deeply. "It makes a wonderful chaser."

"You seemed to be making out all right at the party," Mr. Amos said.

She nodded. "It was a good party. You know, I sort of like Ida."

"You didn't sound like that on the way up," he reminded her.

"I know," Mrs. Amos said and added, "a lot of people object to Ida but she's always been very, very nice to me. And she certainly gets some amazing people together. Did you meet the woman who runs the macaw farm?"

"I must have missed her," Mr. Amos said.

"Or the man who had an Arabian grandmother?" Mrs. Amos said. "He got me all straightened out at last on Farouk and Feisal and Abdullah. Thank goodness for that."

They had stopped for a red light and Mr. Amos pointed suddenly to the big sign at the side of the W.C.T.U. Building. "What Has Alcohol Done For You! You!! You!!!" he read.

"Why I never thought of that before!" Mrs. Amos said in astonishment.

The light changed and they went on. Mrs. Amos settled back contentedly. "I know a lot of people object to it," she said "but it's always been very, very nice to me."

• •

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FROM THE EDITOR'S CHAIR

Ghosts Haunt New Lecture Hall Used By University Students

By B. K. SANDWELL

THE other day I was passing a building on College street, Toronto, diagonally opposite the Children's Hospital (which incidentally I noticed is really, according to the carved stone arch over its entrance, the Victoria Children's Hospital, only I have not heard anybody so describe it for about forty years), and an impulse of lively curiosity led me to try to get in. The building is now used by the University of Toronto for geography and other courses, but sixty years ago it was Zion Congregational Church, the edifice of the oldest Congregational congregation in Toronto. In the winter of 1889-9 my father preached his first sermons in it, and in the spring of 1889 he brought his family out from England and assumed the pastorate. I had not been inside the building for about fifty years. After I graduated from the University of Toronto in 1897 I was almost continually a resident of other cities until I joined the staff of SATURDAY NIGHT in 1932, and by that time Church Union had abolished the Congregational body and left Zion to be the home of various successive sects until the university acquired the property this year. I did not feel a call to attend the devotions of any of these sects, and I feared that the atmosphere of the place would have been changed by their ministrations.

Perhaps it would, while they were still there; but they are gone, and the instant I found myself inside the ancient place of worship I was seized with an overwhelming feeling that time had actually stood still. Except for a blackboard on the back wall behind where the three great chairs (for the minister and any other participants in the service if there were any, which there seldom were) had stood, and the total absence of the red cushions on the pew seats, the place was absolutely unchanged. The pulpit, now a mere lecturer's desk without any chairs, for lecturers never sit down, was still there, on its semi-circular dais three steps above the floor. The pews were the same pews, very little darkened by age. The organ was the same organ; it never was a good one, and what it must be like now I have no desire to know. The decorations, fortunately, were always very restrained, consisting almost entirely of patterning of red brick on very light yellow brick; the yellow was probably a little dirtier than in 1889, but not much. I have a vague recollection of a Biblical text in a ribbon scroll on the wall above the pulpit, but if there was one it too has disappeared and left no trace. The windows were always the diagonal-leaded, white, red and yellow glass affairs which in the middle of the nineteenth century were somehow associated with sanctity.

It is open to question whether the Congregational polity, however close it may have been to that of the primitive Church, was ever well adapted to Canada. The extreme freedom of the individual congregation from all control by an authority external to itself has grave dangers in a pioneering country. It makes it too easy for eccentric and energetic characters among the laity to put the print of their eccentricity upon the whole local church.

Christian Endeavor

Most of the congregation were of English origin with a strong attachment to their memories of the kind of church they had attended in the Old Country, but the younger generation were breaking away from that attachment and wanted a larger-scale type of organization. They found it to a great extent in the Christian Endeavor movement, which enabled them to express themselves without much regard either for their own minister or their own seniors in the congregation. It was then reaching the apex of its popularity, and served at least one valuable purpose, by helping to break down, or at least to bypass, the shocking insularity of the separate denominations, and indeed, among the Congregationalists, of the individual congregations. (I recall, for example, that many of my father's parishioners would have nothing to do with their fellow-Congregationalists of Bond Street Church, which had as pastor the very sensational and highly popular preacher, the Rev. Dr. Joseph Wild, an exponent of prophecy and I think an early British-Israelite.) But nobody had then worked out a technique of harnessing these societies of youthful enthusiasts for effective work within the local churches to which they belonged. There was no purely parochial activity for the young church members except the Sunday School, for which not everybody is suited either by character or by intellect, and the choir, for which one ought really to have a voice. The consequence was that the congregation was becoming far too elderly.

It was a congregation which took its symbolisms very seriously. One of its most brilliant and admirable members, an elderly medical practitioner, was unable during my father's ministry (which lasted about five years) to make up his mind what attitude he ought to take during the prayers. The structure of the pews made it impossible to kneel facing the pulpit (it still does but of course nobody now wants to). Part of the time he stood up, a lone and majestic figure, an oak tree amidst a sort of scrub bush of bowed heads. Part of the time he knelt facing away from the pulpit, in which direction kneeling was just possible, but must have been embarrassing for the person immediately behind, whose face would be practically touching the kneeler's.

No Champagne Cider

The prevalent theology was naturally Protestant, but its expression took some strange forms. The symbol of the cross was regarded as papistical, and was never employed. One year I assisted in the Christmas decorations, and we draped strings of greenery along the centre upright and crossbars of the doors; all this had to be removed as soon as the deacons saw it. The prevalent views on discipline were also severe. One of the members of the congregation —one of the wealthiest ones—was a manufacturer of soft drinks, who had had the happy thought of naming one of his newest products Champagne Cider; he presented several cases of this to the Sunday School picnic one year, but they were all returned with the explanation that the drink was doubtless excellent but the name was not admissible.

Congregationalists in England were by this time less strict in such matters as card playing (except for money), and I was already a hardened whist player in the bosom of the family when we came over; we continued this practice, but had to keep a large atlas ready with which to cover up the cards in case one of the anti-card majority among the deacons should happen to call. The family were never allowed to attend the theatre in Toronto, which would have caused a frightful scandal, and the first time my sister and I attended the old Grand Opera House was to see a performance of "The Mikado" after my father had decided to move to the United States. It is interesting to compare this undiscriminating intolerance towards everything in the theatre, good or bad (the only exception that I know of in those days was in favor of "Uncle Tom's Cabin"), with the equally undiscriminating tolerance of religious people towards everything, good or bad, presented on the cinema screen. There is of course the fact that in those days the parents could prevent the young from going to places they did not want them to go to; now they cannot. I should note that the anti-theatre tabu broke down with extraordinary suddenness within ten years of this date; when I became a dramatic critic in Montreal shortly after 1900 the leading Congregational church there already had a dramatic society of its own, and asked me to lecture to it on current plays. I suspect that the granting of knighthood to Sir Henry Irving had something to do with it.

For me the ghosts of a host of rich and racy characters haunt this hall where the students of Toronto University will henceforth learn about the surface of this narrow globe on which we crawl about. I wish these ghosts could make themselves manifest to this rising generation, but I fear there is no chance.

New improved SKAT chases mosquitoes, biting flies, gnats and chiggers before they bite.

All places for September 1948 were taken by last January. Applications for entry in September, 1949, should be made without delay as there are now not many places left for that year.

For information please write to the Headmaster Philip A. C. Ketchum, M.A., B. Paed.

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THE WORLD TODAY

Stimson's Memoirs Would Provide Dewey's Best Textbook

By WILLSON WOODSIDE

IT so happened that I started to read Stimson's memoirs ("On Active Service", by Henry L. Stimson and McGeorge Bundy, Musson, $5.00) just as the Republican Convention was assembling in Philadelphia. It was a happy chance. While waiting anxiously to see whether the reactionary or the progressive wing of the G.O.P. would win the nomination, and hence dominate American and world policy for at least the next four years, I could follow the story of this fateful party split from the days of Theodore Roosevelt, with whom Stimson began his public life.

On the whole I think the Republicans of 1948 have done fairly well. Although personally I would have preferred Stassen, Vandenberg or Warren for the presidential nomination, they have chosen in Dewey a man who was well over on the internationalist side of the party, and moderately progressive in his domestic outlook; and Dewey has passed over the half-expected "deal" with the isolationist wing, and picked instead one of the most able, liberal and internationalist leaders of the party, Governor Warren of California.

The opinion of those American observers in whom I have the most confidence is that Dewey is a first-class administrator, chooses good men to work with him and gets along smoothly with his legislature in Albany. These qualities will go a long way to make up for the fact that no one seems really to love Tom Dewey. The need for such administrative reform in Washington is emphasized throughout Stimson's story. For all of his deep regard for Franklin Roosevelt, he is forced to remark that he was "the poorest administrator I ever worked under"; his administration was "inherently disorderly" and "fantastically complex"; he was "not a good chooser of men and did not know how to use them in co-ordination." Instead, he constantly tried "to keep all the threads in his own hands . . . and killed himself trying."

This is the sort of thing which Dewey is expected to clear up.

Had Henry Stimson won the Governorship of New York in 1910, the Republican story and the American story of the past 38 years might have been a much happier one. For as his biographer McGeorge Bundy says, "victory would almost surely have opened up to him a strong possibility of great advancement, even towards the White House.""

Few who read this account of Stimson's convictions and achievements will doubt that he would have made a great president. Had he gone to the White House in 1916 or had his favorite candidate Elihu Root "the ablest man he ever knew," or the actual nominee Charles Evans Hughes gone there, the Republican Party would have been spared the "Harding Era" and the United States might have been brought to something like its present appreciation of its world responsibilities in time to avert the Second World War.

Though he never attained the highest office, Stimson's achievements during two terms as Secretary of War—thirty years apart!—as Governor-General of the Philippines, and as Secretary of State are sufficient to make him an enduring credit to American public life.

Finest American Memoirs

His memoirs, the finest exposition in many, many years of American principles, policies and mistakes, are bound to leave their mark on all of that growing body of enlightened American politicians and citizenry who will read them and cogitate over them. Dewey called, in his acceptance speech, for awareness of the spiritual needs of these times. Here is spiritual nourishment indeed; if only Dewey himself should read this book, it would have been well worth the writing.

The strongest purpose of Stimson's public life, as it emerges from his story, was the reform of American government, on both the state and the national levels, to bring it up with the times, make it more efficient and less cumbersome, and check the power of the political bosses on one side and the great corporations on the other.

The executive, he always urged, must have the power to govern; the legislature should be restricted to legislating.

In his advocacy of effective executive government Stimson never had any fear that in America this would develop into dictatorship. No one saw more clearly than he did in 1916 that the real issue in the First World War was "the basic relationship between man and the state," and the real enemy the Prussian idea that all rights belonged to the state. After the Second World War he had found no reason to change his belief that "the primary threat to peace is always from those nations which deny individual freedom."

But Stimson never entertained any illusions but that the free must be strong. In 1916 he began a lifetime advocacy of universal military service on the Swiss model. In 1917, having urged American entry into the war, he could do no less than enlist himself—a former Secretary of War, 49 years old, enlisting as a major!

The rejection by the United States of the League of Nations he considers the greatest mistake the country has made in the twentieth century. Coming back into high office as Hoover's Secretary of State in 1929 Stimson found himself shackled by the completely isolationist mood of the country.

The Kellogg-Briand Peace Pact, just completed, "fairly represented both the profoundly peaceful attitude of the Americans and their gross ignorance of what must be done to keep the peace unbroken." Mr. Kellogg had specifically stated that no enforcement was incumbent on the signatories.

In 1929, in the negotiations preparatory to the London Naval Conference Stimson noted "a marked revival of the anti-British feeling which has so often accompanied assertions of American nationalism." In succeeding years, especially 1931, which he calls the terrible year of the between-the-wars period, he learned ruefully that the policy of the average American was "to have no foreign policy."

"Righteousness Before Peace"

Back in private life, he attacked isolationism and the shackling Neutrality Law from 1935 onwards. *Theodore Roosevelt, he reminded his fellow-citizens, had always put righteousness before peace.* "In our recent efforts to avoid war we have reversed this principle and are trying to put peace above righteousness. We are killing the influence of our country . . . and instead of protecting, we have endangered our own peace." As a beginning, he urged an embargo on Japan.

Six months before the war he called for a direct military understanding between the United States, Britain and France, as the last means of saving the peace. On June 18, 1940, the same day de Gaulle made his famous broadcast of French resistance, Stimson broadcast his policy for the United States: sustain Britain in every way possible. The next day Franklin Roosevelt phoned him at his office to take over the Secretaryship of War.

He had first to be confirmed by the Senate, however, which meant passing the scrutiny of the leading isolationists Vandenberg and Taft. The former was courteous and fair, the latter "pointedly unfriendly . . . offensive, narrow and mistrusting . . . unworthy of a son of William Howard Taft."

"This readiness, in a great national emergency, to seize every opportunity of embarrassing the Administration, seemed to him a fantastic distortion of partisan duty."

There grew up between Stimson and Roosevelt in 1941 a sharp difference in policy, the former believing firmly that "the president's duty is to lead, and not merely represent, public opinion." Stimson believed that the president could have led the country faster in the direction of its safety by being more candid. "He would have been an even greater politician if he had been a less artful one."

Roosevelt had "a tendency to seek subterfuges." But Lend-Lease "showed this subtle politician at his best." Roosevelt, Stimson found, had with his "basically sound strategic instincts . . . and firm understanding of the facts of war", a weakness for "snap decisions." Still, he ranks Franklin Roosevelt as "the greatest commander-in-chief the country ever had."

One can, however, only scratch at the main topics in such a full life and a full volume as this (it runs to 700 pages and is admirably written, indexed and produced, and for once in a while most reasonably priced). Stimson has extensive comments on the great disputes over strategy between the British and the Americans (which he insists were never more than the quarrels of brothers); on the decision to use the atomic bomb against Japan in war, and not to use it against the Russians in diplomacy; on the difficulties between the U.S. Army and Navy; on Stilwell's mission to China; the bitterness of Roosevelt and Hull against de Gaulle; and the Morgenthau Plan for turning Germany into a potato patch.

Of the presidents he served under. T. R. was "the most commanding natural leader he ever knew." Taft "used his cabinet more fully and freely as a group of general counsellors than did any of the later presidents with whom Stimson served —possibly excepting Mr. Truman."

Coolidge was "a wholly satisfactory chief," if not one of the great presidents of his time.

With Hoover he had his greatest difficulties. They were both stubborn, and temperamentally quite unlike. Though Hoover had "the greatest capacity for assimilating and organizing information of any man I ever knew," he was not a man of action like Stimson.

There are tributes to Franklin Roosevelt to match every criticism; and the same can be said of Churchill, with whom he fought so long over the cross-Channel invasion, which Stimson wanted at least a year earlier. Stimson's greatest weakness was in his lack of knowledge of the Russian problem. But after meeting the Soviet leaders at Potsdam he formed a sound understanding of that, too.

These memoirs are a delight and an instruction to read. Anyone who needs to be reassured of the high moral purposes, the courage, strength and ability of the best Americans, will find it in this book.

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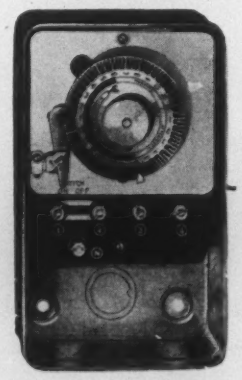

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FILM PARADE

Lillian Hellman's Little Foxes And How They Got That Way

By MARY LOWREY ROSS

IT CAN be taken for granted that the average audience gets more fun from watching vice punished than from seeing virtue rewarded. Thus the catching of the criminal always provides the central excitement in any murder mystery, while the vindication of the innocent is often merely incidental.

Working on this principle in "The Little Foxes," Lillian Hellman gave her awful Hubbard family the run of the plot and so had her entire audience hanging breathlessly on their ruin. In "Another Part of the Forest," which is at once the forerunner of the original in time and its screen sequel, she carries the method a step further, throwing all the dramatic emphasis on greed and evil and making the innocent so sheerly imbecilic that their survival hardly matters. As a punishment for vice, however, she leaves all five Hubbards helplessly tied to each other by self-interest; and a fancier piece of justice could hardly be devised.

Since no current dramatist is so skilful as Miss Hellman in handling the dynamics of greed and evil, "Another Part of the Forest" is a brilliantly dramatic film. Virtue and vindication here are reduced to the lowest point of consequence. "I don't like you," Mother Hubbard (Florence Eldridge says mildly and wonderingly in the end to her husband (Fredric March). "I don't like you either, Oscar (Dan Duryea) or you, Regina (Ann Blyth). . . . I don't even like you," she adds, turning to her eldest son (Edmond O'Brien). And with this valedictory she fades away to her longed-for Piney Woods. As though it mattered to the fierce Hubbards, or anyone else, whether she liked them or not. What matters intensely is that the remaining Hubbards are left to scheme and contrive and finally hand each other over to their indignant townspeople for lynching, a fate which the eldest son is delightedly holding over his father's head as the film closes.

The sheer outrageousness of the Hubbard family hovers frequently on the brink of the ridiculous. But if the audience laughed occasionally it didn't laugh from incredulity—dramatist Hellman saw to that. It laughed because the Hubbards' behavior was so perfectly true at every point to the author's thesis — that the only good Hubbards were dead Hubbards.

Of all the people involved in "Another Part of the Forest," Dan Duryea, with his curiously alarming face, seemed to be the only one with the natural endowment of a Hubbard. Fredric March is too amiable in appearance to make a good Hubbard, and Ann Blyth too fresh and young for the atrocious Regina. They all handle their biting dialogue with plenty of authority, however, and this, with the author's gift for sharp psychological tension, makes "Another Part of the Forest" a film you are bound to dislike and respect in about equal degrees.

Buccaneer Story

Enough money seems to have been spent on "The Pirate" to float a modest section of E.R.P. This is the screen version of the stage play by S. N. Behrman, and Hollywood has lavished on the relatively modest original everything that money can buy — stars, talent, overtoppling production and torrid technicolor to match the Central American setting. As in nearly all such efforts the producers have set out to exceed not only the original but if possible themselves. As usual they have succeeded only too well.

The story is about Manuella (Judy Garland), a pretty girl engaged to a reformed buccaneer (Walter Slezak) but in love with a strolling player (Gene Kelly) who pretends to be a pirate. Judy Garland and Gene Kelly are a talented pair, but they too are called on to exceed themselves here. Judy must not only act, dance and sing but, in one scene, throw all the movable properties on the set at Gene Kelly's head. Gene Kelly, whose talent is dancing, must act the flamboyant lover in a curly brown wig; and while dancer Kelly is as agile and expert as possible, his flamboyance seemed a great deal of the time almost as unnatural as his wig. No picture could work harder at being exuberant than "The Pirate," but the general effect it leaves is one of exhaustion.

Good Setting for Skelton

As a comedian Red Skelton depends on his material rather than on his own ingenuity. In his latest film "The Fuller Brush Man" his material, fortunately, is often very funny.

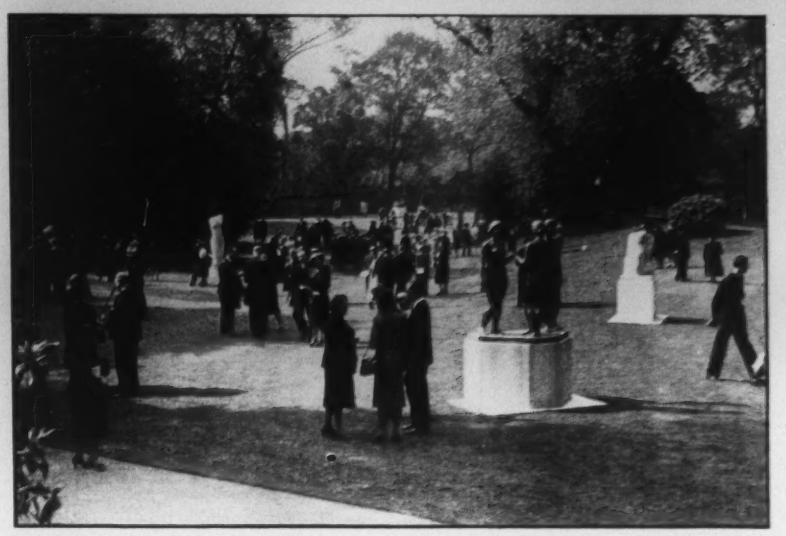
For the first hour "The Fuller Brush Man" is routine Red Skelton comedy. Then the hero becomes involved in a murder mystery and from that point on the film is almost as wild and fancy free as a silent film comedy. The final chase sequence leads to a war surplus warehouse where hero, girl, villains, and finally cops and firemen become entangled in the special ingenuities of the late war—self-inflating life rafts, prefabricated sidings, flares, steel helmets, camouflage nets, etc. A vigorous comic couldn't ask for a better setting to cut loose in.

SWIFT REVIEW

WINTER MEETING. Two frustrated lovers meet and talk themselves out of each other's lives, though not out of their frustrations. A rather dull and wordy film. With Bette Davis.

THE OCTOBER MAN. A well-handled psychological murder film from the English studios, with the emphasis on psychology rather than on violence. With John Mills, Joan Greenwood.

ARCH OF TRIUMPH. Ingrid Bergman and Charles Boyer work hard to make this a distinguished motion picture, but the results are hardly worth all the effort.



London's Battersea Park has achieved new popularity as a meeting-place with an open-air exhibition of sculpture by contemporary artists.

STATE OF THE UNION. Frank Capra's version of the prize winning play about the candidate who wanted to be both President and right. With Spencer Tracy, Katharine Hepburn, Angela Lansbury.

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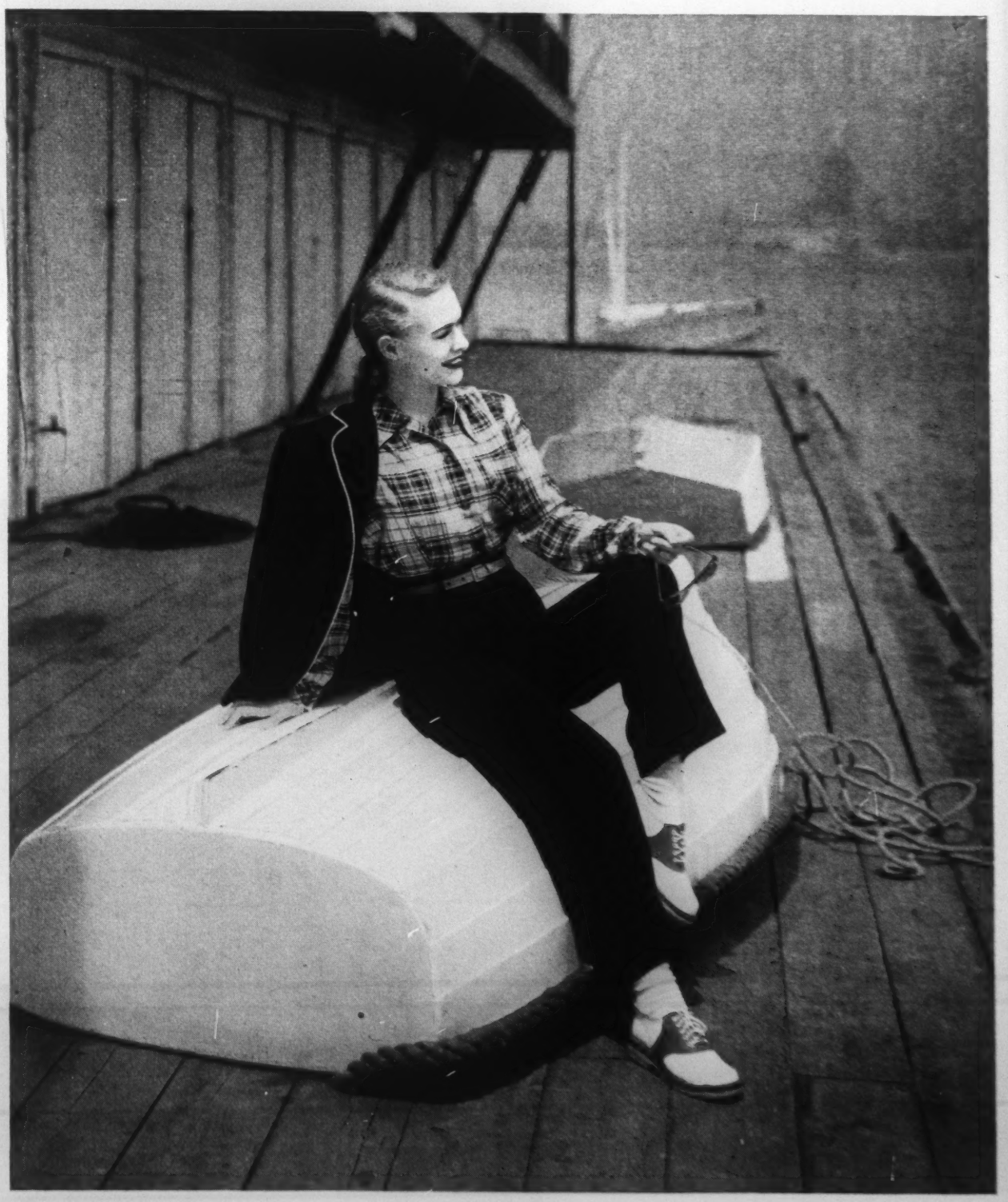

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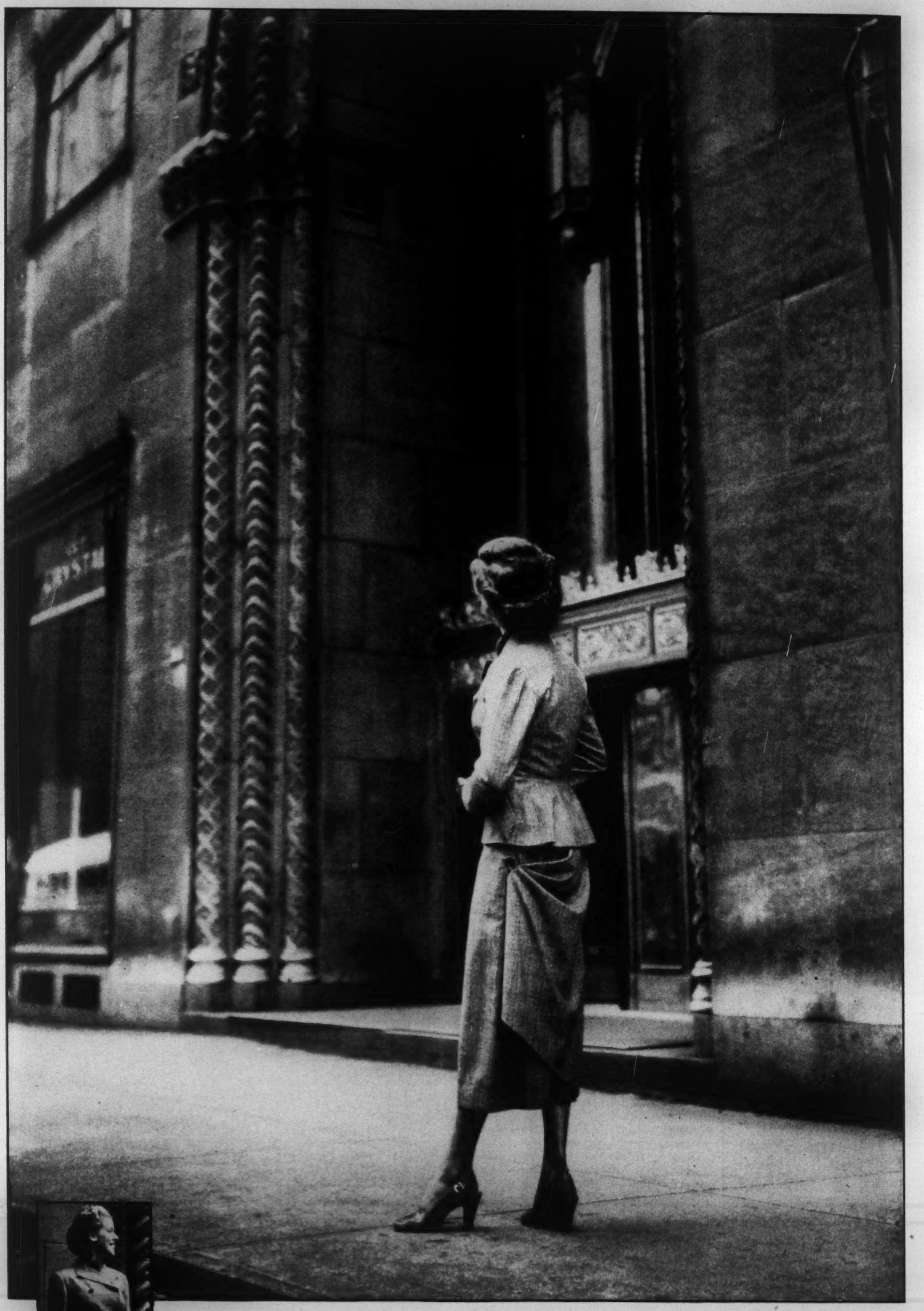

Photograph, courtesy of Jaeger

The "Riding Habit" Skirt—lapped in a drape at the back, where it is caught up and held by a button in the same manner as that of the side-saddle riding skirt. Adapted to the street length skirt of a British suit of fine worsted, it is a manifestation of the "back interest" that will be a distinctive trait of the coming season's styles.

BERNICE COFFEY, *Editor*

CONCERNING FOOD

The Cottage Food Shelf

By MARJORIE FLINT

THE great exodus of pavement-weary people from city to country, lake, mountain and seashore has started. It's great sport (if you're not among them) to watch the cars on the highway whizz along with various sizes and shapes of trailers attached thereto and bristling with assorted paraphernalia necessary for a holiday. The number of headaches involved in getting everything to the stage where you are actually in the car and on your way is too terrifying to contemplate.

The wholesale transplanting of the family (including cats and dogs) from city home to cottage is definitely not the easiest on the nervous system, but after the grand unheaval, the calm will eventually settle and you can have a chance to appreciate your chosen paradise.

Feeding the family is, as always, each homemaker's individual problem and it is more so at the summer home since such things as equipment, electricity, refrigeration, supplies and so forth all have a very definite bearing on what you can and cannot cook, bake and serve. One piece of equipment which is quite standard is the wood burning stove. An item which is worth its weight in sterling on a chilly rainy day, but not quite such a lovable character when the mercury soars. However, most cottages are equipped with an alternate cooking apparatus such as electric hot plate, portable oven, sandwich grill or oil stove. Both the wood and oil stoves take a bit of knowing before you can become master of the situation, and your cooking skills may undergo some changes in the process.

One thing you can really count on are appetites—they're always with you. In fact complete starvation seems to be a chronic complaint and you can never hope to get away with the two-meal a day idea.

In cottage menu planning, you can easily dispense with fancy garnishes and fussy desserts—just serve lots of food with an eye to the balance of color, texture and taste. There are quantities of tinned goods available this year which were under-the-counter stuff the past few years. Tinned meats, meat stews, salmon, beans, spaghetti, evaporated, condensed and powdered milk, prepared mixes and coupon-free sugar, to mention a few. If you start with one of each of the emergency shelf items you like, add to them on every shopping trip so that come foul weather or the launch out of commission you can produce adequate meals.

Smart menu planning to give you more free time might include having a good sized roast for the week-end dinner so that three days' dinner entrees are taken care of. Locally butchered lamb and veal are usually very good and the packers' trucks make deliveries quite frequently to summer colonies so that, unless smoked meats are in good supply you can operate pretty much as you do in the city. Of course you know what to do with the fish you catch—if any.

The simpler the desserts are, the better for the cook and hostess and here the pudding powders, prepared mixes, tinned sauces and fruits really sprout wings. Here is a suggestion for a dessert which can be made on the top of the hot plate or coal oil stove on days when you don't feel like wrestling with the wood stove. It is quite a hearty dessert and good to round out a cold meat and salad dinner.

Fruit Dumplings

1 - 20 oz. can of cherries (or any other fruit)
1/3 cup sugar, if desired
1 tsp. butter
½ tsp. almond flavoring

Combine all ingredients in a deep saucepan and heat to boiling.

DUMPLINGS:

To 1 cup packaged biscuit mix add 1 tablespoon sugar and mix thoroughly with a fork. Add ½ cup top milk and mix well. Drop by teaspoonfuls into bubbling fruit mixture. Cover tightly and steam 15 minutes. Yield—4 servings.

Another top burner idea for desserts is sweet scones made on the griddle. The Gaelic word "sgonn" from which the word scone is derived means "a shapeless mass", which doesn't conjure up a very appetizing picture of the product. We're quite accustomed to oven baked scones being a golden brown all over but the griddle baked variety being baked only on top and bottom, are more crusty and not uniformly browned so don't expect too much in the appearance—it's the taste that counts here.

Cottage Scones

2 cups prepared biscuit mix
1½ tbsps. sugar
¼ cup raisins
1 egg, well beaten
½ cup milk

Add sugar and raisins to the biscuit mix and combine thoroughly with a fork. Beat egg until light and foamy and add the milk. Stir into dry ingredients quickly with a fork and turn out on a floured board or pastry cloth (the dough will be soft). Divide dough in half and pat each portion into a round, about ½" thick. Cut with floured knife into quarters.

Heat a heavy iron griddle or frying pan and grease with salad oil or any unsalted shortening. Now here's the question—how much heat for baking? A large electric burner at medium heat will bake the scones nicely, doing them 10 minutes on each side. The point is to bake without burning, and with other types of heat an asbestos pad under the griddle would help to control the heat and insure an even temperature over the whole surface of the griddle. It is really amazing to watch them "riz" nice and puffy. But mind that you keep an eye on them and don't do a King Alfred and let them burn.

Oh yes—you can make 8 scones from this amount of batter. Serve them warm with butter and fresh wild strawberry preserves. You can bake these scones in the oven at 450°F for 15 minutes. Glaze them with egg yolk and milk and sprinkle with sugar before baking if you want the traditional finish.

By whatever name you call them, wieners or frankfurters are faithful main dish items and considering their popularity (and price) you can serve them to the family or to the across-the-lake neighbors. A main dish with lots of zip which can be prepared on the top of the stove and using staple supplies is Savory Macaroni. Add a salad and rolls and you have the main course planned.

Savory Macaroni

2 tbsp. cooking fat
3 tbsp. flour
1 tsp. salt
Pepper
1 tsp. chili powder
⅛ tsp. dry mustard
Dash of curry if desired
3 cups tomato juice or canned tomatoes, sieved
1 8-oz. package macaroni
1 lb. (8 - 10) frankfurters

Melt fat in deep frying pan or saucepan, add flour and seasonings and blend thoroughly. Add tomato juice and cook until smooth and thick, stirring constantly. Cook macaroni in salted water until tender. Drain and add to tomato sauce. Top with frankfurters, cover tightly and simmer 10 minutes.

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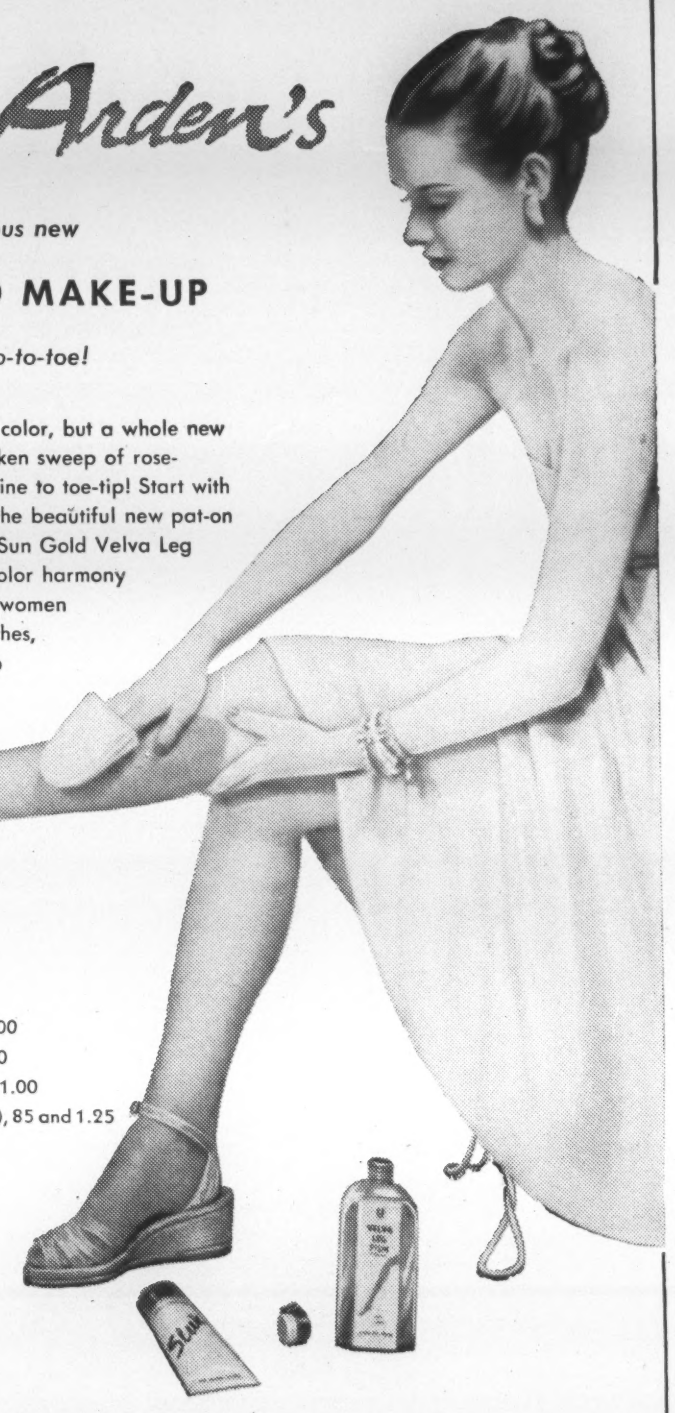

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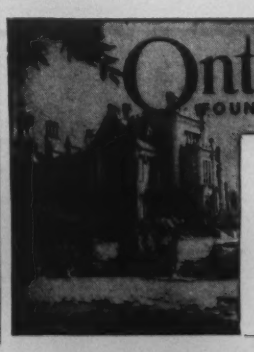

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MUSIC

Full Scope for a Violinist

By JOHN H. YOCOM

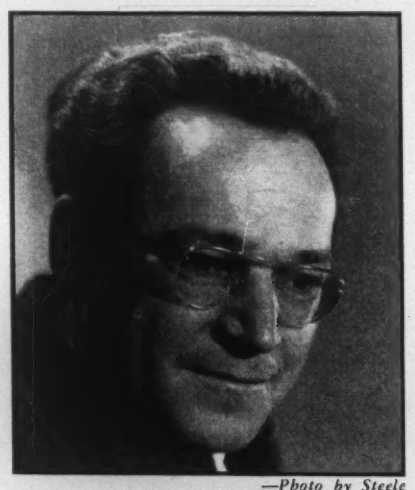
CARROLL GLENN, the famous young American woman violinist with the 1743 Guarnerius that used to be part of the rich Walton Collection in Boston, was guest soloist at the Toronto Philharmonic's Prom last week. Such a violin in such hands playing such a colorful and exotic work as Lalo's "Symphonie Espagnole" concerto almost made one forget the heat and humidity of the evening.

In all her numbers Miss Glenn handled the violin themes in an energetic and pleasing manner but in the Lalo number, of which Tschaikowsky once said there "were piquant rhythms and beautifully harmonized melodies," her talents were given full scope. In the first movement (*Allegro non troppo*), there might have been a little unevenness of color control at the start, but in the final Rondo, a scintillating virtuoso movement, she handled bowing and fingering with crisp, Paganini-like technical proficiency and a broadly conceived interpretation. The orchestra, under Paul Scherman, assistant conductor of the T.S.O., furnished picturesque tonal backgrounds and properly let the violinist take the spotlight. (Sometimes the orchestra might have been less timorous.)

Miss Glenn's solo group, with Simeon Joyce capably presiding at the piano, were also extremely brilliant and effective. In a Bach chorale her rendering was noble and powerfully sustained. Her gift for warm lyricism soared without effort or bathos in Debussy's "Claire de Lune". In the Hubay "Hejre Kati" the sparkling violin work made the piano sound a little too subservient.

Carroll Glenn has played with practically every major orchestra in the U.S. and in Europe. She is the wife of brilliant pianist Eugene List, who as a U.S. Army sergeant three years ago played for Attlee, Truman and Stalin at Potsdam.

Paul Scherman gave fresh and lively readings of Ippolitov-Ivanov's "Caucasian Sketches", Von Suppé's "Galatea" and two Latin-American numbers by Lecuona with Gould and Grofé arrangements. The latter were particularly spirited but in the climaxes Scherman's demands became much too *accelerando* for all sections of the orchestra to take handily. Rounded out with Saint-Saëns' "Samson and Delilah" Bacchanale and Tschaikowsky's "1812 Overture", the orchestral part served to show just what competence Paul Scherman has developed in the last couple of years for producing mass instrumental color effects, a singing quality in his phrasing, and a rhythmic punch especially ear-tingling in the Cuban pieces and in a group of sea shanties. For the T.S.O.'s. next season his programs will likely include some numbers of greater interpretation complexities but Scherman should be able to fill the bill.



—Photo by Steele

Reginald Godden, distinguished Canadian pianist, will be guest-soloist at the Promenade Concert on July 8.

•

Intense interest is being shown in the visit of the world-famed accompanist, Gerald Moore, who is to give a special master-course in "The Art of Accompanying" during the July Summer School at the Royal Conservatory of Music of Toronto. While it is of primary value to pianists, singers and string players also are keenly interested in the course. Moore believes in practical demonstrations, and a singer, a violinist and a cellist will assist him at certain lectures. Classes are given twice weekly during July, allowing ample opportunity for those who desire to attend other courses provided by the Conservatory at this annual Summer School.

•

Ten-year-old Patsy Parr, the Toronto pianist who charmed a critical Carnegie Hall audience last month when she made her New York debut, has been signed by the Société Classique to appear in a "Pops" concert at the Montreal Stadium on July 5. She will play the Mendelssohn Concerto that she performed in New York with an orchestra conducted by Frank Coleman.

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(Applications now being received for 1949)

● *William Billingsley, most famous of English China painters, created the lovely rose design of the tea-pot shown above while at Coalport (1820-1822). It is known as "Billingsley Rose" and is painted on fine feldspar porcelain with leadless glaze. Photograph by courtesy of the Royal Ontario Museum.*

"SALADA" TEA

THE OTHER PAGE

Fount of English Drying Up?

By W. SHERWOOD FOX

BUSINESS and the universities have found another interest in common. It appears, says the press, that although Canadian business is engaging more university graduates than ever before, a much larger proportion of those engaged are deficient in their command of English. If this lack is a sudden discovery of business, which I doubt, it certainly is not a sudden discovery of the universities. For years they have been viewing with alarm the steady decline in the undergraduate's proficiency in English, but also, what is worse, his general failure to understand the true function of language. Indeed, the decline has gone so far as to make the students' attitude seem to be contempt for the study of their own tongue. "Other subjects are worth serious attention, yes, but not English; we know that already."

The defect has long been treated by the universities as a major problem. In their efforts to remedy it, if possible, or at least to abate it, they have found in themselves an unsuspected ingenuity for devising methods. Of course, like all teachers when faced by an issue, they have always first resorted to preaching, though all the time aware that preaching is never a cure for a constitutional ailment, which this one really is. As I look back on my own part in the periodic haranguings I can plainly see, and now smile at it, an element of the ridiculous in the procedure.

At the beginning of each academic year I rounded up the freshmen and among other things endeavored, in the simplest speech I could command, to get them to understand the primary function of language. I recall the sequence of the argument—the old stock one. Language is a habit, a habit peculiar to man, and must be treated like all other habits that are worth acquiring and keeping. If practised, it becomes stronger and more accurate, and hence more useful. If neglected, it becomes flabby and inexact and declines in usefulness. The special function of this habit is to serve as the instrument which gives form to a man's thoughts and enables him to convey them to others. Obviously, the better the instrument the better the job it does. "The world's business is done through language." "It is by words that we govern men." If these old sayings are true, and if the world wants its business and its governing done as well as it can be done, then, manifestly, it is a supremely important thing that the world have the best possible command of language.

Finally, to clinch the argument, I resorted to an extreme illustration. Illustrations of this kind arrest at-

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THE WORLD OVER 24

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tention and are comprehensive: if you make your point for the greater issue, by inclusion you make it for the lesser also. Take the medical practitioner: he, because of his intimate relations with human life, needs such a quick and precise command of his language as to be able to express himself so clearly that he cannot possibly be misunderstood. "But not all of us are going to be doctors," protested one young man indignantly. "Is there any reason," I said, "why people in other walks, and even in the ordinary affairs of private life, could not with profit make that their ideal of expression too? It would at once remove the thousand little obscurities of speech that clog the transaction of business; besides, it would leave a sweet taste in the mouths of all concerned."

But what came of this pious pulpiteering? A few students responded immediately. The chief result was, fortunately, delayed: over the weeks a number of the young people sought personal interviews. Many frankly confessed their feebleness of speech and asked how to overcome it. But strangely—or is it strange?—many came to denounce me for publicly casting aspersions upon their knowledge of their mother tongue. By the same act, they charged, I had also reflected offensively upon their honored parents at whose hallowed knees they had learned to speak. Some, in pity for me, appealed to an ancient fallacy: "Just look at your friend, John Doe; he's made heaps of money, has had no schooling since he was twelve, and talks like a ditch-digger." One young lady of marked ability angrily retorted, "I suppose you want me to go out into the world talking like a Mrs. Professor?"

Another of our methods was what the doctors would call "specific treatment". Apprised by the Department of Business Administration of the glaring inability of many students to prepare lucid, well-composed reports upon their business cases, we assigned a member of the English staff to confer with the students in regard to their reports. Not only were errors and shortcomings pointed out, but pains were taken to show why the errors were errors and why the shortcomings fell short of clarity and, hence, of efficiency.

Although our efforts were rewarded with some satisfactory results, yet we were always conscious that the real trouble was left untouched; it lay too deep for our superficial treatment. At length it dawned upon us that the deficiency was not primarily that of the students themselves, but rather of the homes and communities they came from—a sort of cultural anaemia that has fastened itself upon North American society. Essentially, it is a loss of respect for language and its natural purpose. In practice it most commonly takes the form of a blithe contentment in acquiring just enough of one's own tongue to enable one to "get by". If you have enough English to give or to receive across the counter any commodity required, that's all you need!

But an academician cannot afford to be self-righteous. I regret to say that academic staffs have not escaped the general infection of lax expression. "Thieves for their robbery have authority when judges steal themselves." Certainly, undergraduates may justly feel that the example of some instructors confers a measure of authority for the use of solecisms and for speaking incorrectly. An instructor's plea for good English is nullified even before it is uttered when he is guilty of committing in public such gross errors as "between you and *I*", "to *we* who . . .", "*this* data". The mind that permits these is defective in training and probably also lacks the power to think clearly. We may rightly shiver when we hear a university man use such cheap colloquialisms as "anyways"; of uncritically accepting such verbal monstrosities as "to finalize", an unnecessary mongrel among words; of employing stock expressions like "having regard for" in a syntax that will not hold water and hence fails to make clear sense. There is also a lamentable disregard of correct pronunciation: the academician who speaks of a "milk route" as though it were a "rout of milk" will doubtless not be seriously misunderstood but will encourage suspicion that he has left out of his training a proper development of a sense of language. These few illustrations suffice to reveal clearly the symptoms of an all too common cultural malady.

But what is to be done about it so far as it touches the recruitment of business from the universities? There is at least one measure which, while only a partial remedy, merits prompt application. The universities should require for graduation higher and more strictly enforced standards of English expression. Business, in its turn, is warranted in demanding convincing proof that all applicants for positions have a satisfactory command of speaking and writing good English. The dual exaction would at first give a severe shock to many cocksure youthful souls. In time, however, the hard news would work back into the gossip and life of the undergraduate world and would kindle a serious respect for the stiff requirements and stimulate a vigorous effort to meet them.

The only treatment of the ill that even remotely resembles a remedy is a long-term one that is highly unpopular: a return to the basic training in the principles of language as given through the study of Greek and Latin. Whatever this failed to do in the past—and it was, of course, far from perfect—there is one thing we know it did do: it sharpened the student's sensitiveness to language and amplified his powers of discrimination in regard to words. Of this we may be certain: since the ill is constitutional, nothing but a deep and prolonged treatment will make any impression upon it. If society refuses to revert to some thorough form of the old classical studies, then society will have to invent something that is equal to it in powers of penetration and that requires protracted application. No short-term treatment can be anything but a pitiful palliative.

BRAIN-TEASER

Felicitations, Sir!

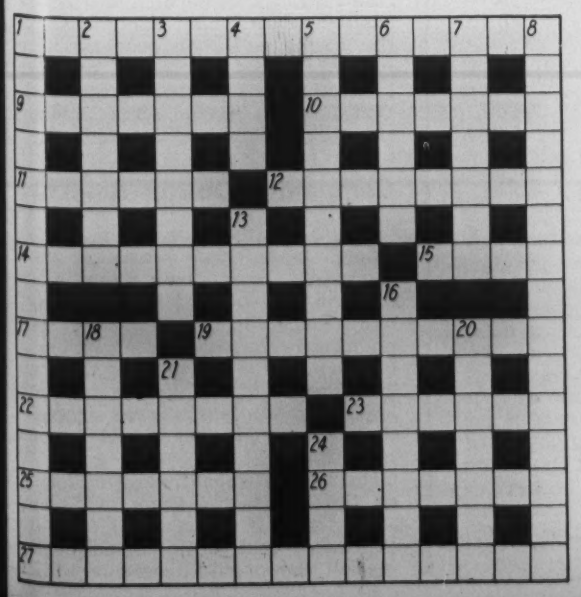
By LOUIS and DOROTHY CRERAR

ACROSS

1. Clout a gnat? No Sir! (anagram)
9. Incloses.
10. Re a bill for the Dominion Govt.
11. Imperfectly developed female 17.
12. Milkmaids' beaus?
14. He loves to hear boom boom.
15. How most fairy tales begin.
17. Insect in Aristophanes' satire.
19. Apostatizes (tough on the pants)
22. You'll get this quickly. (2, 1, 5)
23. Dancers making slow musical movements.
25. Cyclone gets off to a Dickens of a start.
26. Conspire, Edward.
27. Canadian of note who conducts himself with a knightly air. (6, 9)

DOWN

1. The dirt has gone with the wind, blow it! (5, 2, 1, 7)
2. Care for this?
3. He makes a prune run behind the winner. (6, 2)
4. Shot? Twaddle!
5. Thomas Moore's heroine with oo-la-la in her make-up. (5, 5)
6. Ta, Shakespeare!
7. They may be moaners but they pull together.
8. Or "The utter quiet is drenched in yellow light". (7, 2, 6)
13. Sailors' liquid life-preserver (it starts with a preserve.) (7, 3)
16. Happy-headed flowers.
18. Follows radio, police and Union.
20. Dig it, Al, with your fingers.
21. The home variety bring it home to you.
24. Heroic narration.



Solution for Last Week's Puzzle

ACROSS

1. Nine provinces
10. Otter
11. Dishcloth
12. Finance
13. All over
14. Dressy
15. Studio
16. Repeat
19. Spirit
24. Titania
25. Accompt
26. On tartans
27. Shrew
28. Upper and lower

DOWN

2. Intense
3. Errands
4. Redeem
5. Vassal
6. Necklet
7. Evolved
8. Confederation
9. Charlottetown
17. Put it up
18. Aintree
20. Picasso
21. Remorse
22. Canada
23. Massed

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THE BUSINESS FRONT

P. M. Richards, Financial Editor SATURDAY NIGHT, TORONTO, CANADA, JULY 3, 1948 *Rodney Y. Grey, Asst. Financial Editor*

Bank Of Canada Slows Inflation By Retarding Growth Of Money

By RODNEY Y. GREY

Of the two factors that can slow the present creeping inflation—increased production and reduced supply of money—Canada's central bank can effect only the second. In the past year the Bank of Canada has acted to restrict capital expansion to taper off the present boom. The various steps it has taken were outlined to the House of Commons Special Committee on Prices by Mr. Graham Towers, Governor of the Bank.

From a survey of the moves of the Bank during the past year, it becomes clear that the Bank can exercise only a regulative influence over the supply of money. Really drastic action would be very undesirable in the present circumstances. The limits to central bank action are the willingness of the commercial banks, and the general public to cooperate. However, the Bank of Canada appears to be more successful than the Federal Reserve Board in the United States, which has recently been at odds with the Treasury. Government and Bank integration is a key to central bank action.

THE Canadian economy, having weathered the post-war period of reconstruction and conversion, is now getting in step with our long run foreign and domestic market. In the monetary and financial parts of this adjustment process the Bank of Canada—our central bank—plays a vital role. Just what the Bank can do and can't do has been spotlighted since last January by the rise in the interest rate on Dominion of Canada bonds, and the tightening up of bank credit for capital expansion. The first was effected directly by the Bank, the second indirectly by conversations on credit policy with the commercial banks.

Mr. Graham Towers, the Governor of the Bank, appeared recently before the House of Commons' Special Committee on Prices. In a prepared statement he outlined what the Bank had done to reduce the amount of money in Canada in order to taper off inflation and so affect prices. The questions asked him by various M.P.'s on the Committee revealed that there are probably two schools of thought in Canada about central banks, as far as the general public are concerned. The first, which might be called the no-thought school, doesn't know much about central banking in general and the Bank of Canada in particular. The monetary mechanism of the country simply isn't its dish. The second school of thought is firmly convinced that the Bank can and should control our destinies, that a nod or a wink from Mr. Towers causes a smart about-face by the whole economy.

Limited Influence

In the Prices Committee there seemed to be some apprentices to the second school. Mr. Towers spent most of his time emphasizing and re-emphasizing that the Bank can ideally exercise only a limited influence on the economy. It may either use methods of persuasion and guidance, or it may take drastic action of the sort not even the most hard-bitten planner would advocate now. The Bank has really no choice; the present inflation hardly justifies severe measures.

As the long-term adjustment of our economy gets under way, we may look at the recent activity of the Bank and assess its role in our financial affairs. Delicate as the Bank's weapons are, they affect every business man and every consumer through changes in the volume of money and changes in credit policy.

While the Bank is responsible for carrying out national policy, it shares that responsibility with the government. Practically, there cannot be a major difference between the Bank and the Department of Finance, though legally the Bank of Canada is responsible for its own actions. In the United States the Treasury and the Federal Reserve Board (which performs the functions of a central bank) may not see eye-to-eye. They may advocate different policies which may cancel each other out. In Canada, central bank operations are closely integrated with the government's policy so that such a situation would be highly unlikely. To understand some of the recent operations of the Bank of Canada, we must always look as well at policy coming from the Finance Department.

The key to moves of the last year is the conviction shared by many economic advisors of the Federal government during the later war years that we were in for serious reconstruction difficulties when the war ended. The experts' forecasts were pessimistic: not long after the war there would be a lot of unemployment because of demobilization. There would be a fall in prices because expanded industrial capacity would supply more goods than Canadians at home and foreigners abroad could buy. The amount of savings made by the public was expected to exceed the demand for savings—investment opportunities would not absorb all savings.

In 1944 and 1945 many steps were taken to forestall this. Family allowances, veterans' grants, credits for agriculture, industry and buyers overseas were expected to soften the hard times of reconstruction. The Bank of Canada reduced the discount rate, and at the same time the market drove Dominion bond prices higher so that the interest rate was lower. This, it was hoped, would reinforce the policy of cheap money brought in by the Bank during the depression of the thirties. In order to assist industry to reconvert, special income tax depreciation allowances were granted, and extended to March 1949.

Gloomy Forecast

These gloomy forecasts proved wrong, or, alternatively, the methods taken to forestall the evil day were so effective that the economy went the opposite direction. Certainly in mid-1946 it became clear that the problem of the post-war economy of Canada was not unemployment and an excess of consumption goods. Reinforced by the removal of price control in the United States, shortages of consumption goods and durable goods as well as price increases were everywhere evident. Canada stepped into an industrial boom accompanied by an uncomfortable creeping inflation.

Faced with the necessity to do something, the Department of Finance and the Bank could hardly be expected to execute a right-about-face, but they could and did make a change of direction. Rising prices may be thought of as due to related factors—the increasing volume of money, and the shortage of goods of all sort. On the first of these the Bank could exercise a regulative influence in a fairly direct fashion. On the second, it could have only an indirect effect.

Expansion Tapered

If the Bank could taper off the expansion of commercial credit, which was going in large part to finance new capital investment, it would reduce the volume of money. The slowing down of capital development program would mean firms now making producers' goods would be forced into consumers' goods production. What steps did the Bank take? Mr. Towers' evidence before the Prices Committee is mostly an answer to that question.

The earliest step was the "savings agreement", as it was called, with the commercial banks. This limited the amount of government market securities that the commercial banks could hold. The usual way for the banks to acquire these bonds was from individuals or companies who had bought them from the government. Purchase by the banks of these securities provides cash or deposits to the public, expanding the volume of money. Limiting the purchase of these bonds meant stopping up one hole through which added money could flow out to the public. Another feature of this agreement was the limit on earnings by the banks on their portfolio of government bonds. This encouraged the banks to hold onto their short-term bonds, which would soon become cash, and sell their long-term bonds. It appeared desirable to prevent the public holding too many short-term bonds because they soon become cash. This "savings agreement" helped to stabilize the amount of money in circulation.

Some reduction in volume was achieved by the government having a surplus. As money was transferred from individuals' accounts in commercial banks to the Bank of Canada to pay taxes, the reserves of the commercial banks were reduced. This forced some curtailment of commercial bank lending.

Bond Prices Fall

The next step was the one which received the most publicity. The Bank stopped "guiding" the market (which it had done up to that time by quoting firm prices at which it would buy or sell securities) and further, in two steps, appreciably reduced the prices at which it would actually buy and sell.

This allowed market forces to bring about a fall in price and a rise in the interest rate. This was hailed as a turning point in interest rate policy, and even marked as the end of the cheap money policy that had seen us through depression and war. However, it seems obvious the Bank will not go very far in this direction. The political repercussions of a drastic fall in bond values would be highly unpleasant. The "little people" who bought bonds during the war have a real moral commitment from the government that the value of the bonds will be maintained. Not only would small investors be indignant if government bonds fell, but some large corporate investors like insurance firms and trust companies who hold a solid core of Dominion bonds might be driven into bankruptcy if the movement went far enough for high interest rates to become a real deterrent to investment in plant, equipment and public utilities. In fact, the Bank has not allowed the bond values to fall very greatly but merely enough to discourage enthusiastic selling.

A final method used by the Bank of Canada to reduce the volume of money was trying to persuade the commercial banks to taper off their credit expansion. There has always been an admirable working harmony between the Bank of Canada and the commercial banks. Conversations on what should be done have been constant. In mid-1947 the Bank suggested to the banks that a more conservative attitude toward loans was desirable, particularly in order to avoid undue inventory expansion. This was followed up in February 1948 by the suggestion that the banks tighten up on lending money for capital expenditures. The normal source of funds for capital expansion is the securities market, but for some time the banks had been cooperating in lending money for these purposes. Now it was suggested to the banks that this was having an inflationary effect and should be tapered off.

Companies Outrun Reserves

This has had a definite and marked effect. In post-war expansion many companies had outrun their active reserves and were falling back upon bank loans for capital. They were pressing hard upon scarce supplies of labor and materials, pushing the economy more quickly up the inflationary spiral. While it was not suggested that lending policy should become rigid—indeed, there were many enterprises who should logically depend on the banks—the Bank of Canada argued that if corporations planning expansion went to the normal capital market they would have a less infla-

THE BUSINESS ANGLE

Will Britain Devalue Sterling?

By P. M. RICHARDS

CANADIANS are so accustomed to seeing Britain win in spite of difficulties that most of them cannot believe that she is in any special danger today. Yet the truth is that Britain is in the toughest spot economically she has ever been in, and that her problem goes far beyond the immediate shortage of U.S. dollars, very serious though this is. The Britain which carried order and good government to the far places of the earth, which won wealth and world leadership by her pioneering in industrialization and trade, finds herself today unable to feed her people adequately, with virtually no raw materials of her own and lacking the means of buying them from others, her industrial machinery worn and much of it obsolete, and facing competitors much more efficiently equipped for cheap mass production of the goods the world wants. Her lion's share of the burden of two great wars consumed her wealth and much of her best blood. She still possesses priceless assets in the character of her people, seen at its best in many past emergencies, and in her world-wide reputation for commercial integrity and quality production. But can these serve her sufficiently now?

Many of her most promising young people are moving out, mostly to Canada, Australia, New Zealand and South Africa. Over 100,000 have left in the past eighteen months, and reports from Britain say that nearly nine times as many have applied to go and are awaiting ship space. As they have to pass health and general fitness requirements of the countries they are going to, it follows that they are the kind of citizens that could most usefully be kept at home. But it is becoming all too plain that Britain's economy, much as it needs competent workers now, will not in future be able to support anything like the present population. A movement abroad of perhaps fifteen millions over the next few years is envisaged. One important problem created by this would be the increased burden of taxes on those left behind.

Living Conditions Worsening

This is the ninth successive year of austerity for Britain, with living conditions tending to become worse rather than better. Though, at the moment, rising production has put more goods into the shops, the nation is facing a financial crisis with new deprivations, including food, and possibly sizable unemployment in the near future as a result of exhaustion of means of payment for much-needed imports from the United States and Canada. Britain's costs of production have risen largely, and the index of the prices of British manufactured exports is now about 148 per cent above the pre-war level and still rising month by month. Income from foreign investments and from shipping and financial services has fallen greatly from the pre-war level. In consequence Britain has a lot more difficulty today in marketing her exports and in paying for imports. The London *Economist* says that the terms of trade are still swinging sharply against Britain, that it is only the prospect of receiving Marshall dollars that holds out any hope of working through the next twelve months without disaster, that even with Marshall dollars further painful cuts in British imports and thus in the British standard of living will be necessary soon.

What can be done? Devaluation of the pound has been suggested, but many Britons who should be competent to judge its effects insist it would do more harm than good. Paul Einzig, British economist, decries "American efforts to force Britain to devalue sterling" and says they are doing much to undermine world confidence in sterling.

Expectation Hurts Economy

He says that world anticipation of a devaluation of sterling due to American pressure is having many harmful effects: (1) it tends to depreciate the pound in free markets and black markets; (2) it tends to induce many Britons to take advantage of the many loopholes in the exchange restrictions and send capital out of the country and out of the sterling area; (3) it deters foreign countries from accepting sterling in payment for temporary export surpluses on their trade with Britain; (4) foreign importers prefer to hold back their orders for British goods, in the hope of being able to buy cheaper after the devaluation; (5) many Britons are induced to hedge against a devaluation of sterling by buying real property, jewelry, and any kinds of commodities that are obtainable, thereby causing a further increase in prices.

The London *Economist* seems to think it is very doubtful that devaluation would be beneficial under present circumstances, but adds that "apart from this, it is very difficult to think of any further acts of policy that could be taken to correct the position. Something more will indeed have to be done if the drain on the last reserves continues, and much more will have to be done if they are exhausted. But these will not be acts of policy, they will be acts of desperation. Any further cuts in British imports will either reduce the standard of nutrition below what is necessary permanently to maintain the health of the people or else they will deprive British industry of the raw materials it needs to keep active." But today Sir Stafford Cripps continues to cut down imports as part of his "disinflationary" policy, which so far has been able to show good results statistically.

tionary effect than if they borrowed from the banks.

The banks have carried out the program of credit restriction suggested by the Bank of Canada with the result that in the first half of 1948 there has been a shortage of risk capital. This is highly undesirable to the individual firms involved, and it has provoked much caustic comment. The view of the Bank and of the government is that the real limiting factors are shortages of men and materials; attempts at capital expansion beyond these limits are inflationary.

Something of the same policy has been attempted by the Federal Reserve Board in the United States. About a month ago the Board raised the reserve requirements of its member banks from 22 per cent to 24 per cent, which is only two per cent below the legal limit. This is an attempt to force the commercial banks to tighten up their lending policy, in order to reduce the volume of money.

These are the delicate weapons which the Bank may use. The other alternative is the sort of drastic action which, Mr. Towers argued, is out of the question. The present objective is to curtail the capital program—really drastic action would send the economy too far in that direction. Allowing government bond prices to fall a long way below par through the Bank refusing to buy or actually selling them would certainly curtail the capital program—it would cause widespread unemployment at the same time. Mr. Towers called this a "form of burning down the house to roast the pig."

It seemed in the past that "open market" operations were a means whereby the central bank could control inflation. Recent events show that in reality there may be political limitations to this action. "Open market" operations in Canada—the Bank selling bonds and refusing to buy them back—might stop inflation, but at the same time it would reduce prices and raise interest rates beyond anything feasible in Canada. In his budget speech Finance Minister Abbott stated that there was a poor chance of the general public being a net buyer of bonds, so open market operations would be ruled out.

The practical limits of Bank of Canada action are the willingness of the commercial banks and other financial institutions as well as the general public to cooperate. A central bank is an effective weapon for regulating the volume of money only if it is part of a highly integrated banking and financial system. Of the two blades of the scissors that cut high prices—increasing production and reduced money supply,—it can move only the second and, as we have seen, it is not entirely free even to do that.

Primary Product Prices Uneven But Too High

By JOHN L. MARSTON

Saturday Night's Financial Correspondent in London

The pattern of world primary product prices is uneven, but generally too high. Recessions in food, cotton and wool prices are probably desirable and inevitable. The one factor which would distort the return to normal prices would be the demands of war-frightened nations.

Mr. Marston reviews the prices for main commodity groups, and warns that the structure of confidence is in a shaky condition. People feel that a recession in prices could lead us into depression.

London.

THE recession in commodity prices in the United States last February, which for a while looked like "the real thing," did not develop as expected. However, the markets have not in the intervening months regained all their old buoyancy. The commodity scene is a patchwork affair, where it is not easy to discern a general trend; and, while there are points of weakness, there are few commodities now which are unquestionably strong.

Grains led the fall last February, and grains are the one group which have failed to recover. The medium-term prospect for this type of food is, from the consumer's viewpoint, much improved. On the other hand, there has been no corresponding weakness in edible fats and oils, though Argentina, a leading supplier, has recently pared a little off the export prices of some animal fats. The industrial material which experienced some difficulty in regaining its former levels after the setback was cotton, at present a volatile commodity, whose prices are much influenced, in New York, Alexandria and elsewhere, by variations in policy under E.R.P., at any rate, by April it was rising strongly.

Wool is not an homogeneous commodity. While merinos and fine crossbreds, now very scarce material, have responded to the insistent world demand for worsted cloth, the lower types suitable for woollen manufactures, among the most plentiful of industrial materials since the war, have maintained more or less steady prices. Jute, subject to special complications since the partition of the Indian sub-continent, is difficult to judge by normal commercial standards at present.

Farm Price Peak Past

Those commodities, directly or at one remove, are products of the soil. The world's agricultural industries in general have recovered fairly steadily in the past year or two, and, though production is less than in prewar years while the population which has to be fed and clothed is larger, there are signs that the peak of agricultural prices (in the broadest sense) is past.

Cutput of materials which have to be scooped, dredged or mined from the earth—coal and metals (and the chemicals derived from them)—has been hampered by shortage of equipment, and the demand has been sustained by the enormous volume of wartime destruction and obsolescence which has had to be made good, and by new capital developments, which are a characteristic of boom periods. The minerals did not, generally speaking, share in the February recession, and subsequently their prices have tended higher, though before the middle of the year they were showing hesitation. In the mining industries generally there is more labor unrest than in other raw material industries, and this factor, which has often interrupted supplies in recent years, may offset some of the benefits of new equipment.

World Trade Not Free

World trade is not free enough at present to enable one to say how nearly supply and demand are in equilibrium at present price levels. Not all the producers are exacting the highest possible return on their goods: where a few producers are in a position to set a world price they sometimes apply monopoly principles in reverse, in order to sustain the long-term demand for their products.

It will be interesting to see, when a new equilibrium has been established, how the inflation of prices in the war and postwar period has affected the relationship of the commodities one with another. Some of the older metals (even including steel) will doubtless be found to have lost some of their uses in favor of aluminium and plastics. Cotton at anything like its present prices cannot hope to compete with synthetic fibres when normal competition is effective again, and there will evidently have to be a drastic cut in the price of high-grade wools.

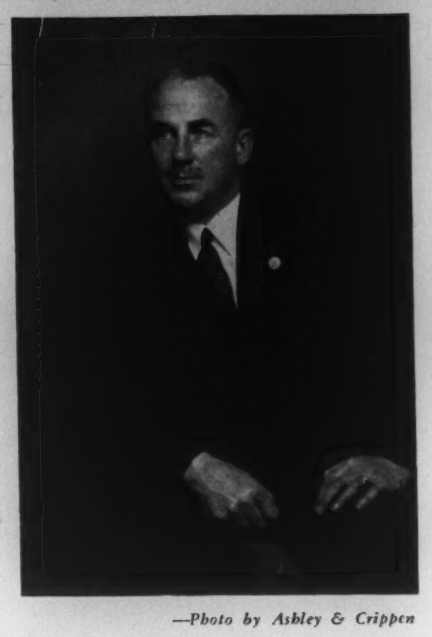
The question for the nearer future is whether the confidence of producers can be sustained in the face of growing evidence of hesitation on the part of the final consumer, and, if not, whether preparations for the possibility of war will take up the demand which industry sheds.

Producers Show Caution

In the United States, Britain, and indeed most industrial countries, producers have been showing some caution in shaping their capital plans in recent months. Most capital equipment can still be sold without question—the difficulty is to secure delivery within a reasonable period. But manufacturers of, for instance, copper products have been meeting difficulties on the selling side; and there is little in the present position to justify bold policies of development in industries making ordinary household consumer goods. If the demand for new equipment suddenly dries up, and with it a proportion of the demand for the commodities which are processed by existing equipment, the position of industrial materials will undergo a very rapid change.

So far, strategic stockpiling has not competed excessively with industrial demand for scarce commodities. The knowledge that big stockpiling programs are in hand, not only in the United States but generally, has, however, been of great psychological assistance to the markets whenever they have been assailed by doubt. If the political situation deteriorates, this fundamentally unhealthy demand will presumably develop. But even so it is difficult to imagine that it could fully take up the slack if ordinary commercial demand eased considerably. If it did so, the standard of living of the people, denied the benefits of lower prices while output was diminishing, would perceptibly deteriorate.

It is an uncertain situation, which may persist, with only minor variations, for many months. Primary prices are, in the main, unquestionably too high, and a decline is, on general grounds, much to be desired. But many people are apprehensive lest an easing of prices causes the structure of confidence to give way and a recession becomes a headlong fall.



—*Photo by Ashley & Crippen*

Roydon M. Barbour, Manager of Saturday Night Press and a past president of the Advertising and Sales Club of Toronto, has been elected a vice-chairman of the Board of the National Federation of Sales Executives at its international convention in New York. Alfred Schindler, sales consultant and a former U.S. under-secretary of commerce, was elected chairman. Over fifteen hundred sales executives from the U.S., Canada, Mexico, South America and Europe attended the convention which had as its keynote "Selling Our Way to World Peace."

NEW BOOKS

THE FINANCIAL POST SURVEY OF CORPORATE SECURITIES — *The Financial Post* — $2.00.

The 1948 edition of The Financial Post Survey of Corporate Securities, just off the press, reflects a year of high activity and earnings for Canadian corporations.

Companies reported on—some 1,500—include a wide variety of industries: manufacturing, public utilities, steamships, merchandising, banks, investment companies, railways, and trust and loan companies. During 1947 Canadian business made great strides in expansion programs and modernization of plants. New capital investment (including government owned companies) amounted to some $1.6 billion. For 1948, estimates are that new capital investment will be $1.8 billion, a gain of 15% over 1947, report the editors.

Company reviews in this volume include earning statements and balance sheets, working capital position, dividend history, funded debt, head office addresses, subsidiaries, directors. Again included this year is the tabulation of high and low share prices for each of the last eight years.

ACCOUNTING PRINCIPLES AND PRACTICE—by R. G. H. Smails—*Ryerson*—$5.50.

Many of the present generation of Canadian accountants were introduced to their profession in a book by Professors Smails and Walker. Now R. G. H. Smails, Professor of Commerce at Queen's University, has written a text to supersede the older volume. The older volume was notable for the blending of theory and practice that had been achieved; in the new volume Mr. Smails carries on the tradition.

There is great need to keep standard texts constantly up to date, so that they accurately discuss the latest practices. This is particularly true of books which cover a large general field and are used as introductory material. In bringing "Accounting Principles and Practice" together and up-to-date, the author has performed a valuable service to the business community and to the accountants who will be trained to take their places in that community.

A. E. PEQUEGNAT, A.I.A., F.A.S., recently appointed General Manager of The Mutual Life Assurance Company of Canada.

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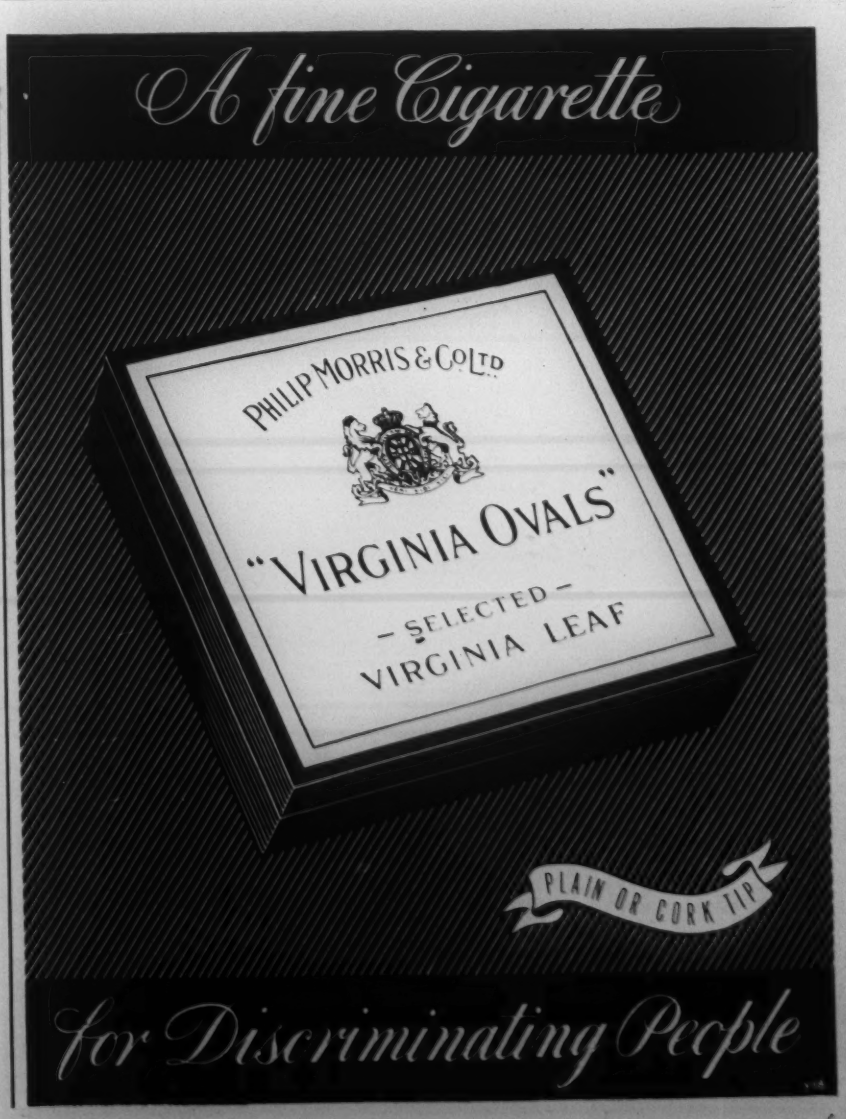

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Simpsons, Limited operates with its subsidiaries, one of the largest departmental store and mail order businesses in Canada.

Earnings available for Class "A" and Class "B" dividends in the 1947 fiscal year amounted to $4.51 per share while dividend payments were $1.50 per share on both classes.

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NEWS OF THE MINES

Madsen's Expansion Will Double Mill Capacity Next Spring

By JOHN M. GRANT

A YEAR ago in reviewing the activities at Madsen Red Lake Gold Mines—ten year old producer—it was stated that while an increase in mill capacity was under consideration it would likely be another year before definite action could be expected. Excavations now have been made for the 400-ton mill addition, and orders placed for the required machinery and equipment. Anticipations are that deliveries will commence early in January so that the new unit will be in operation by next spring. The primary task at the property during the last half of the fiscal year ended February 28, was directed towards the goal of preparing the mine for handling the additional tonnage facilities, Joseph McDonough, president, points out in the annual report. The expansion program will also include deepening of the shaft 600 feet, and the opening of four levels at 150-foot intervals down to the 2,550-foot horizon. The present bottom (11th) level at 1,700 feet is the best so far in the mine, with ore lengths totalling 1,400 feet opened up, and new ore continuing to be located to the east.

•

Ore reserves at Madsen Red Lake Gold Mines have been showing a steady increase for years and are now estimated as adequate for 10 years milling at the present capacity of 400 tons per day. A further net gain of 45,710 tons is reported over the previous year and reserves above the 1,700-foot level are estimated at 1,333,690 tons of 0.218 oz. grade, and include 186,430 tons of broken ore. The grade of ore was raised slightly. Ore dimensions have been improving with depth and it is reasonable to look for a continuation of this trend on the new levels. Some new ore lengths have been added since the close of the fiscal year, and these are to the east on the ninth and 11th levels, all in the former Rouge d'Or ground, purchased by Madsen some years ago. The 10th level is being extended to reach the area of the two newest lenses on the ninth and 11th, but has several hundred feet to go.

•

Highlights of the annual report of Madsen Red Lake, in addition to the continued rise in ore reserves, are higher earnings, reduced costs and a continued strong working capital position. Operating profit was equal to $2.73 per ton, while net profit was equivalent to $1.59 per ton, or 6½ cents per share, as against 4.6 cents in the previous 12 months. Operating costs were lowered $1.18 to $5.15 per ton, a very creditable performance in the face of the uptrend of wages and materials. The present liquid position is close to $1,050,000, or approximately what will be necessary for the new mill, shaft deepening and improvements to present mine and mill buildings. President McDonough

The Stock Analyst

By W. GRANT THOMSON

SUCCESSFUL investment depends on knowing two things: (1) What to buy (or sell) (2) When to buy (or sell). The Stock Analyst—a study of Canadian stock habits—answers the first question. An Investment Formula provides a definite plan for the second.

All active and well distributed stocks (with a few minor exceptions) advance or decline with the Averages. The better grade investment stocks do not normally move as fast as the averages, while on the other hand the very speculative issues have a relative velocity more than twice or three times as great.

The STOCK ANALYST divides stocks into three Groups according to their normal velocity in relation to the Averages.

The Factors affecting the longer term movements of a company's shares are ascertained from a study of their normal habits. Predominant Factors are shown as:

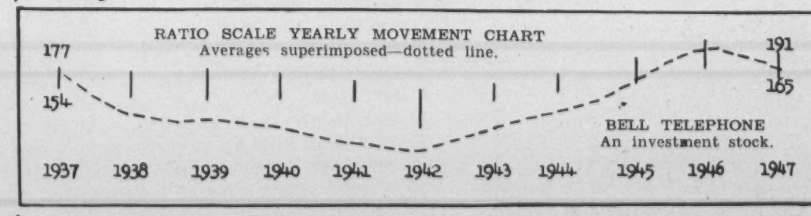
GROUP "A"—Investment Stocks — 1. FAVORABLE
GROUP "B"—Speculative Investments — 2. AVERAGE or
GROUP "C"—Speculations — 3. UNATTRACTIVE

A stock rated as Favorable has considerably more attraction than one with a lower rating, but it is imperative that purchases be made, even of stocks rated Favorable with due regard to timing because few stocks will go against the trend of the Averages.

The Investment Index is the average yield of all stocks expressed as a percentage of the yield of any stock, thus showing at a glance the relative investment value placed on it by the "bloodless verdict of the market-place."

BELL TELEPHONE COMPANY OF CANADA

			Averages		Bell 'Phone	
Price, 1 June 1948 - $165.00						
Yield - - - 4.8%	Last 1 month	Up	7.2%	Up	1.2%
Investment Index - 108	Last 12 months	Up	14.8%	Down	12.2%
Group - - - "A"	1946-48 range	Down	28.2%	Down	25.9%
Rating - - - Below Aver.	1948- range	Up	28.3%	Up	7.0%



SUMMARY:—Stocks that sell over one hundred dollars per share always attract attention because of their wide moves in terms of dollars. However, such stocks frequently do not move percentagewise as much as medium priced stocks; and it is well known that the low-priced group of stocks have much wider swings, percentagewise than the blue chips.

It is a poor year, marketwise, that does not see the shares of Bell Telephone move $20 or $30 between the high and low of the year. In 1947, for instance, the spread was $26 but that figures out at only slightly over 15%.

Recent legislation seems designed to permit the company to split their shares and make them a more attractive trading medium for the average investor. Huge capital expenditures are still ahead of the company, some of which will be financed by indebtedness and some by equity financing—at least that seems to be the general opinion. If further stock is issued it is possible that rights to purchase may be given to shareholders once more. In the past these rights have been a source of considerable profit to the holders.

We have given Bell Telephone shares a rating below average. This has no reference to its quality as an investment stock. Readers are well aware that ratings are based on market movements only, and there is nothing to suggest that these shares will generally advance as much as the market as a whole.

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DIVIDEND NO. 246

NOTICE is hereby given that a DIVIDEND OF TWENTY CENTS per share on the paid-up Capital Stock of this Bank has been declared for the quarter ending 31st July 1948 and that the same will be payable at the Bank and its Branches on and after MONDAY, the SECOND day of AUGUST next, to Shareholders of record at the close of business on 30th June 1948. The Transfer Books will not be closed.

By Order of the Board
JAMES STEWART
General Manager

Toronto, 4th June 1948

CANADIAN BREWERIES
LIMITED

Dividend Notice

Notice is hereby given that a dividend of fifty cents (50c) per share has been declared on the outstanding Capital Stock of this Company, payable October 1st, 1948, to shareholders of record at the close of business August 31st, 1948.

By Order of the Board.
W. C. BUTLER,
Secretary.

Toronto, June 23, 1948.

BURNS & CO. LIMITED

Quarterly Dividend

The third quarterly dividend of 25c a share on Class "A" and "B" shares of Burns & Co. Limited will be paid July 24th, 1948, to all shareholders of record as of July 7th.

National Trust Company Limited is the Transfer Agent, with offices at Toronto, Winnipeg, Edmonton and Vancouver.

BURNS & CO. LIMITED
R. J. Dinning,
President

BUSINESS AND MARKET FORECAST

Possibilities for Advance

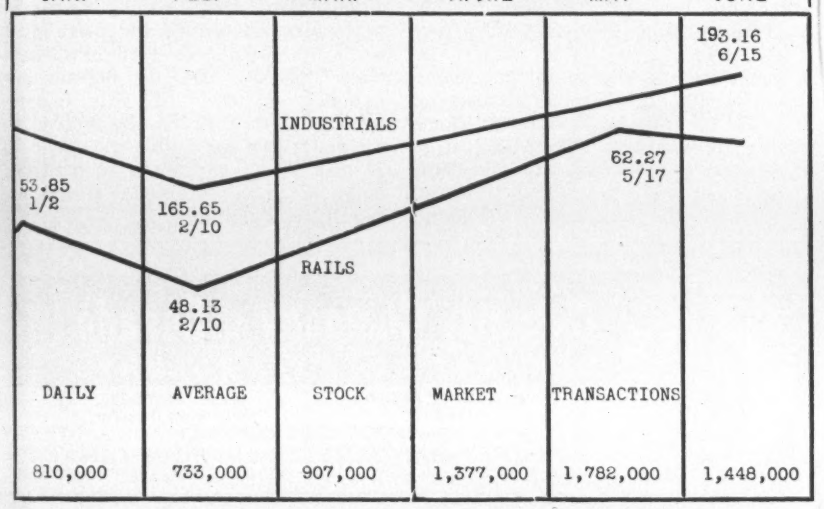
BY HARUSPEX

THE LONG-TERM N.Y. AND CANADIAN MARKET TREND: Primary trend upward. Barring war, movement could extend well into 1949. Intermediate trend in both averages up, but duration and extent of swing suggest some vulnerability to correction or consolidation.

Market action of the past two or more weeks reflects some effort at readjustment prior to moving into the 200/210 range on the Dow-Jones industrial average. It is in the 200/210 range that considerable trading was witnessed while the 1946 top was being formed and resistance is naturally to be expected when stocks get into this area. Further recession here, taking on intermediate calibre, would serve to draw out some selling now that would otherwise await the 200/210 range and would thus make the hurdling of such range easier when it was later entered. Closes in both averages at or under 187.55 and 58.50 would signal intermediate downturn. Closes at or above 194.17 and 63.28 (penetration of recent highs) would signal renewal of intermediate uptrend.

Regardless of whether intermediate correction is shortly to occur, or whether hesitation of recent weeks represents consolidation, as could easily be the case, prior to renewed intermediate strength, the broad outlook calls for further advance. Earnings data have characterized stocks generally as having been underpriced for some months. Now that investment psychology has turned for the better and is more disposed to give attention to the favorable factors in the picture, it would seem reasonable to anticipate a more realistic discounting of such earnings and of yields. This could engender a fairly wide and sustained upturn.

DOW-JONES STOCK AVERAGES



states in the annual report that increased earnings ultimately to accrue from this program, should more than compensate shareholders in the not too distant future. It was stated at the annual meeting last year that a saving of 40 cents per ton could be expected from milling at a 600-ton rate.

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For the past year and a half Madsen Red Lake has been operating at 400 tons per day, the capacity of the mill. So far this year value of output has been little changed from 1947. In the first quarter of 1948 production was $292,744 from the milling of 37,622 tons, an average of $7.78 per ton. The second three months, which ended with June, is expected to be about the same. Production for the 12 months ended February 28 was $1,540,366, from milling of 143,391 tons, an average recovery of $7.95. Since production commenced at Madsen in August, 1938, value of output to the end of February was close to $11,275,000, while dividends disbursed have been in excess of $1,659,500. Dividends of eight cents per share have been paid every year since 1944.

•

A temporary discontinuance of operations to await better times is announced by Buffadison Gold Mines, Louvicourt township, northwestern Quebec. Additional finances are required to prove up and develop the indicated ore and to erect a mill, but under present unfavorable financial and operating conditions it is impracticable to raise these without drastically diluting the shareholders' interest. In recent months work has been concentrated on outlining and partially developing the different veins having ore indications. Two of the best veins are showing on the fifth level at 800 foot depth. Just east of the shaft crosscut the No. 550-72 vein shows a length of 270 feet averaging $32.55 over one foot, and a raise showed the ore to continue 50 feet above the level. The No. 550-63 vein, located about 900 feet west of the shaft crosscut, averages $28 for a length of 310 feet over a width of 10½ inches.

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Intention of reopening its mine at Gowganda as soon as possible was made known at the annual meeting of Castle-Trethewey Mines. It is expected three months will be required to complete preliminary work, another three months for actual reopening and six months development work before there would be steady production. The cost of reopening, along with the cost of getting electric power, will be $106,000. It is proposed to continue the Capitol shaft another 300 feet, and on the 1,100-foot level drive east and west along the south boundary. The company's liquid assets exceed $6,000,000.

•

Net profit of $245,120, equal to 7.7 cents per share, as compared with $322,376 or 10.3 cents per share in the previous year, is reported by Pickle Crow Gold Mines for 1947. The decline in earnings was attributable to treatment of a lower grade of ore, which more than offset a boost in tonnage. Operating costs of $9.96 per ton, down from $11.38 in 1946, reflect the increased tonnage. The labor situation was the most difficult experienced in the history of the company. A very gratifying increase was shown in ore reserves and it is estimated there are 803,570 tons, with an average cut grade of $14.40, and a total valuation of $11,571,408. The increase in total value is more than $1,500,000 as compared with the figures at December 31, 1946. The company's financial position continues sound with a net working capital in excess of $1,000,000. At the present time the prospects for the current year are much brighter, the labor situation has improved and the daily milling rate is higher than last year. The quarter ending with June may be the best in six years. Production in April and May exceeded $300,000 and June started off equally as well. Recovery in the first quarter of 1948 was $363,897.

•

No further diamond drilling was carried out in 1947 by Packard Pershing Mines on its Pershing township property, but some further geological work and a restudy of the geophysical survey was made. Nineteen additional claims adjoining the main group were acquired by staking. The balance sheet as of December 31, 1947, shows cash at $2,492, while acrued charges total $250.

The latest gold mining company to reduce its dividend payments is Dome Mines. A disbursement of 17½ cents per share has been declared, payable on July 30 to shareholders of record June 30, and this compares with 25 cents a share distributed in the preceding five quarters. In announcing the lower dividend the company stated that the unarrested upward trend in costs, coupled with the arbitrarily fixed price for gold, has further closed the gap between the cost of production and necessary development on the one hand, and the revenues received on the other, to such an extent that this reduction in the rate is made unavoidable. It is the opinion of the management that the new quarterly rate is within the presently indicated earning power of the company. Should earnings available for dividends be greater than anticipated, the directors will, at the end of each year, give consideration to the payment of an extra dividend in the light of conditions then prevailing.

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Additional drilling from surface remains to be done in order to fully explore the extensions of veins No. 8 and 10, and further surface trenching and drilling is required on vein No. 25, the annual report of Bar-Lan Gold Mines, Barraute township, Quebec, states. On completion of this work, the company's engineers have recommended that the North shaft be dewatered and further exploration carried out underground. Four veins having commercial values have been partially developed.

•

Plans for the construction of a 300-500 ton mill is being proceeded with by Campbell Red Lake Mines, and it is hoped it will be in operation early in 1949, C. W. Michel, president, states in the annual report. The proportions of the proposed mill are based upon results of the underground development of the "A" zone and the suggestion by underground drilling of good possibilities in both the central and north zones, under exploration. At the year end ore reserves were estimated at 171,114 tong grading 10.60 dwt. per ton. (one dwt. is worth $1.75). To the end of the year $435,000 had been advanced by Dome Mines, and at the end of 1947 Campbell had current assets of $9,845 as against current liabilities of $91,250. In addition to the $435,000 liability to Dome, accrued interest on it was $6,306. J. G. McCrea, general manager, states that the "A" zone has fulfilled all the expectations raised by the surface drilling campaign and preliminary underground drilling on both central and north zones indicates that only a part of the picture has been unfolded by surface drilling. The development of a substantial quantity of good grade ore in sight in a relatively short period and the indication of additional ore from drilling is indeed most satisfactory, he states.

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NEWS OF THE MINES

Madsen's Expansion Will Double Mill Capacity Next Spring

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Ore reserves at Madsen Red Lake Gold Mines have been showing a steady increase for years and are now estimated as adequate for 10 years milling at the present capacity of 400 tons per day. A further net gain of 45,710 tons is reported over the previous year and reserves above the 1,700-foot level are estimated at 1,333,690 tons of 0.218 oz. grade, and include 186,430 tons of broken ore. The grade of ore was raised slightly. Ore dimensions have been improving with depth and it is reasonable to look for a continuation of this trend on the new levels. Some new ore lengths have been added since the close of the fiscal year, and these are to the east on the ninth and 11th levels, all in the former Rouge d'Or ground, purchased by Madsen some years ago. The 10th level is being extended to reach the area of the two newest lenses on the ninth and 11th, but has several hundred feet to go.

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Highlights of the annual report of Madsen Red Lake, in addition to the continued rise in ore reserves, are higher earnings, reduced costs and a continued strong working capital position. Operating profit was equal to $2.73 per ton, while net profit was equivalent to $1.59 per ton, or 6½ cents per share, as against 4.6 cents in the previous 12 months. Operating costs were lowered $1.18 to $5.15 per ton, a very creditable performance in the face of the uptrend of wages and materials. The present liquid position is close to $1,050,000, or approximately what will be necessary for the new mill, shaft deepening and improvements to present mine and mill buildings. President McDonough

The Stock Analyst

By W. GRANT THOMSON

SUCCESSFUL investment depends on knowing two things: (1) What to buy (or sell) (2) When to buy (or sell). The Stock Analyst—a study of Canadian stock habits—answers the first question. An Investment Formula provides a definite plan for the second.

All active and well distributed stocks (with a few minor exceptions) advance or decline with the Averages. The better grade investment stocks do not normally move as fast as the averages, while on the other hand the very speculative issues have a relative velocity more than twice or three times as great.

The STOCK ANALYST divides stocks into three Groups according to their normal velocity in relation to the Averages.

The Factors affecting the longer term movements of a company's shares are ascertained from a study of their normal habits. Predominant Factors are shown as:

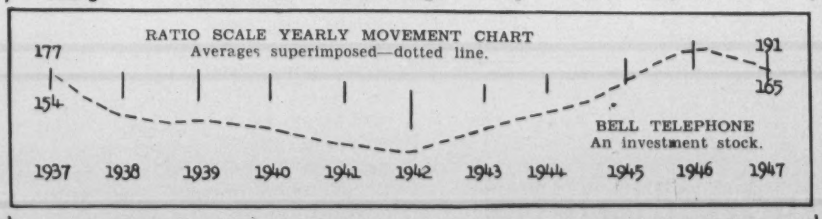
GROUP "A"—Investment Stocks — 1. FAVORABLE
GROUP "B"—Speculative Investments — 2. AVERAGE or
GROUP "C"—Speculations — 3. UNATTRACTIVE

A stock rated as Favorable has considerably more attraction than one with a lower rating, but it is imperative that purchases be made, even of stocks rated Favorable with due regard to timing because few stocks will go against the trend of the Averages.

The Investment Index is the average yield of all stocks expressed as a percentage of the yield of any stock, thus showing at a glance the relative investment value placed on it by the "bloodless verdict of the market-place."

BELL TELEPHONE COMPANY OF CANADA

Price, 1 June 1948 -	$165.00		Averages		Bell 'Phone	
Yield - - -	4.8%	Last 1 month	Up	7.2%	Up	1.2%
Investment Index -	108	Last 12 months	Up	14.8%	Down	12.2%
Group - - -	"A"	1946-48 range	Down	28.2%	Down	25.9%
Rating - - -	Below Aver.	1948- range	Up	28.3%	Up	7.0%



SUMMARY:—Stocks that sell over one hundred dollars per share always attract attention because of their wide moves in terms of dollars. However, such stocks frequently do not move percentagewise as much as medium priced stocks; and it is well known that the low-priced group of stocks have much wider swings, percentagewise than the blue chips.

It is a poor year, marketwise, that does not see the shares of Bell Telephone move $20 or $30 between the high and low of the year. In 1947, for instance, the spread was $26 but that figures out at only slightly over 15%.

Recent legislation seems designed to permit the company to split their shares and make them a more attractive trading medium for the average investor. Huge capital expenditures are still ahead of the company, some of which will be financed by indebtedness and some by equity financing—at least that seems to be the general opinion. If further stock is issued it is possible that rights to purchase may be given to shareholders once more. In the past these rights have been a source of considerable profit to the holders.

We have given Bell Telephone shares a rating below average. This has no reference to its quality as an investment stock. Readers are well aware that ratings are based on market movements only, and there is nothing to suggest that these shares will generally advance as much as the market as a whole.

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THE CANADIAN BANK OF COMMERCE

DIVIDEND NO. 246

NOTICE is hereby given that a DIVIDEND OF TWENTY CENTS per share on the paid-up Capital Stock of this Bank has been declared for the quarter ending 31st July 1948 and that the same will be payable at the Bank and its Branches on and after MONDAY, the SECOND day of AUGUST next, to Shareholders of record at the close of business on 30th June 1948. The Transfer Books will not be closed.

By Order of the Board
JAMES STEWART
General Manager

Toronto, 4th June 1948

CANADIAN BREWERIES LIMITED

Dividend Notice

Notice is hereby given that a dividend of fifty cents (50c) per share has been declared on the outstanding Capital Stock of this Company, payable October 1st, 1948, to shareholders of record at the close of business August 31st, 1948.

By Order of the Board.
W. C. BUTLER,
Secretary.

Toronto, June 23, 1948.

BURNS & CO. LIMITED

Quarterly Dividend

The third quarterly dividend of 25c a share on Class "A" and "B" shares of Burns & Co. Limited will be paid July 24th, 1948, to all shareholders of record as of July 7th.

National Trust Company Limited is the Transfer Agent, with offices at Toronto, Winnipeg, Edmonton and Vancouver.

BURNS & CO. LIMITED
R. J. Dinning,
President

BUSINESS AND MARKET FORECAST

Possibilities for Advance

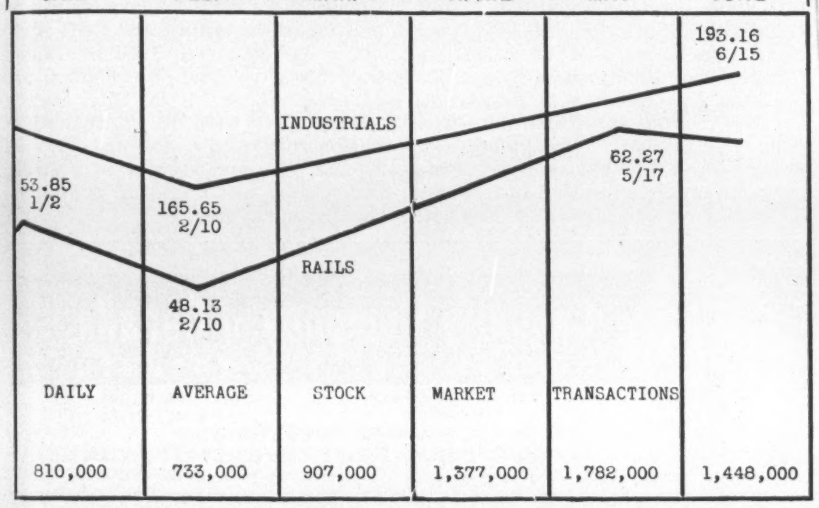
BY HARUSPEX

THE LONG-TERM N.Y. AND CANADIAN MARKET TREND: Primary trend upward. Barring war, movement could extend well into 1949. Intermediate trend in both averages up, but duration and extent of swing suggest some vulnerability to correction or consolidation.

Market action of the past two or more weeks reflects some effort at readjustment prior to moving into the 200/210 range on the Dow-Jones industrial average. It is in the 200/210 range that considerable trading was witnessed while the 1946 top was being formed and resistance is naturally to be expected when stocks get into this area. Further recession here, taking on intermediate calibre, would serve to draw out some selling now that would otherwise await the 200/210 range and would thus make the hurdling of such range easier when it was later entered. Closes in both averages at or under 187.55 and 58.50 would signal intermediate downturn. Closes at or above 194.17 and 63.28 (penetration of recent highs) would signal renewal of intermediate uptrend.

Regardless of whether intermediate correction is shortly to occur, or whether hesitation of recent weeks represents consolidation, as could easily be the case, prior to renewed intermediate strength, the broad outlook calls for further advance. Earnings data have characterized stocks generally as having been underpriced for some months. Now that investment psychology has turned for the better and is more disposed to give attention to the favorable factors in the picture, it would seem reasonable to anticipate a more realistic discounting of such earnings and of yields. This could engender a fairly wide and sustained upturn.

DOW-JONES STOCK AVERAGES



states in the annual report that increased earnings ultimately to accrue from this program, should more than compensate shareholders in the not too distant future. It was stated at the annual meeting last year that a saving of 40 cents per ton could be expected from milling at a 600-ton rate.

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For the past year and a half Madsen Red Lake has been operating at 400 tons per day, the capacity of the mill. So far this year value of output has been little changed from 1947. In the first quarter of 1948 production was $292,744 from the milling of 37,622 tons, an average of $7.78 per ton. The second three months, which ended with June, is expected to be about the same. Production for the 12 months ended February 28 was $1,140,366, from milling of 143,391 tons, an average recovery of $7.95. Since production commenced at Madsen in August, 1938, value of output to the end of February was close to $11,275,000, while dividends disbursed have been in excess of $1,659,500. Dividends of eight cents per share have been paid every year since 1944.

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A temporary discontinuance of operations to await better times is announced by Buffadison Gold Mines, Louvicourt township, northwestern Quebec. Additional finances are required to prove up and develop the indicated ore and to erect a mill, but under present unfavorable financial and operating conditions it is impracticable to raise these without drastically diluting the shareholders' interest. In recent months work has been concentrated on outlining and partially developing the different veins having ore indications. Two of the best veins are showing on the fifth level at 800 foot depth. Just east of the shaft crosscut the No. 550-72 vein shows a length of 270 feet averaging $32.55 over one foot, and a raise showed the ore to continue 50 feet above the level. The No. 550-63 vein, located about 900 feet west of the shaft crosscut, averages $28 for a length of 310 feet over a width of 10½ inches.

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Intention of reopening its mine at Gowganda as soon as possible was made known at the annual meeting of Castle-Trethewey Mines. It is expected three months will be required to complete preliminary work, another three months for actual reopening and six months development work before there would be steady production. The cost of reopening, along with the cost of getting electric power, will be $106,000. It is proposed to continue the Capitol shaft another 300 feet, and on the 1,100-foot level drive east and west along the south boundary. The company's liquid assets exceed $6,000,000.

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Net profit of $245,120, equal to 7.7 cents per share, as compared with $322,376 or 10.3 cents per share in the previous year, is reported by Pickle Crow Gold Mines for 1947. The decline in earnings was attributable to treatment of a lower grade of ore, which more than offset a boost in tonnage. Operating costs of $9.96 per ton, down from $11.38 in 1946, reflect the increased tonnage. The labor situation was the most difficult experienced in the history of the company. A very gratifying increase was shown in ore reserves and it is estimated there are 803,570 tons, with an average cut grade of $14.40, and a total valuation of $11,571,408. The increase in total value is more than $1,500,000 as compared with the figures at December 31, 1946. The company's financial position continues sound with a net working capital in excess of $1,000,000. At the present time the prospects for the current year are much brighter, the labor situation has improved and the daily milling rate is higher than last year. The quarter ending with June may be the best in six years. Production in April and May exceeded $300,000 and June started off equally as well. Recovery in the first quarter of 1948 was $363,897.

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No further diamond drilling was carried out in 1947 by Packard Pershing Mines on its Pershing township property, but some further geological work and a restudy of the geophysical survey was made. Nineteen additional claims adjoining the main group were acquired by staking. The balance sheet as of December 31, 1947, shows cash at $2,492, while acrued charges total $250.

The latest gold mining company to reduce its dividend payments is Dome Mines. A disbursement of 17½ cents per share has been declared, payable on July 30 to shareholders of record June 30, and this compares with 25 cents a share distributed in the preceding five quarters. In announcing the lower dividend the company stated that the unarrested upward trend in costs, coupled with the arbitrarily fixed price for gold, has further closed the gap between the cost of production and necessary development on the one hand, and the revenues received on the other, to such an extent that this reduction in the rate is made unavoidable. It is the opinion of the management that the new quarterly rate is within the presently indicated earning power of the company. Should earnings available for dividends be greater than anticipated, the directors will, at the end of each year, give consideration to the payment of an extra dividend in the light of conditions then prevailing.

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Additional drilling from surface remains to be done in order to fully explore the extensions of veins No. 8 and 10, and further surface trenching and drilling is required on vein No. 25, the annual report of Bar-Lan Gold Mines, Barraute township, Quebec, states. On completion of this work, the company's engineers have recommended that the North shaft be dewatered and further exploration carried out underground. Four veins having commercial values have been partially developed.

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Plans for the construction of a 300-500 ton mill is being proceeded with by Campbell Red Lake Mines, and it is hoped it will be in operation early in 1949, C. W. Michel, president, states in the annual report. The proportions of the proposed mill are based upon results of the underground development of the "A" zone and the suggestion by underground drilling of good possibilities in both the central and north zones, under exploration. At the year end ore reserves were estimated at 171,114 tong grading 10.60 dwt. per ton. (one dwt. is worth $1.75). To the end of the year $435,000 had been advanced by Dome Mines, and at the end of 1947 Campbell had current assets of $9,845 as against current liabilities of $91,250. In addition to the $435,000 liability to Dome, accrued interest on it was $6,306. J. G. McCrea, general manager, states that the "A" zone has fulfilled all the expectations raised by the surface drilling campaign and preliminary underground drilling on both central and north zones indicates that only a part of the picture has been unfolded by surface drilling. The development of a substantial quantity of good grade ore in sight in a relatively short period and the indication of additional ore from drilling is indeed most satisfactory, he states.

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ABOUT INSURANCE

The Private Enterprise System Of Doing Business On Trial

By GEORGE GILBERT

As one of the main exemplars of the private enterprise competitive system of doing business, the insurance industry is also confronted with the task of explaining adequately to the public why it does a better job of handling insurance than would be the case under a socialist system.

It is coming to be recognized that the future of insurance as a voluntary enterprise depends to a great extent upon the attitude toward the business of those who make use of it—the public—and the extent to which it wins their approval and support against the enemies of private enterprise.

THERE is evidence of increasing recognition by insurance leaders of the fact that the whole private enterprise competitive profit and loss system of doing business, under which insurance has made such remarkable progress up to the present, is now on trial before the bar of public opinion, and is called upon to show proof that a competitive economy is the best base for civilization today.

At this year's annual meeting of the Canadian Life Insurance Officers Association, the president, Mr. W. M. Anderson, C.B.E., general manager of the North American Life Assurance Company, took occasion, in his address, to express his personal opinion that those who hold that only the spur of competition can produce significant material progress have a broader task to perform than the mere demonstration of the undoubted benefits of the competitive system; they also have the responsibility of explaining adequately how it works and why it works better than other systems. He added: "Even more important is the problem of making our competitive way of life work as well as possible, of minimizing its faults so that they will never be seized upon as reasons for losing its much greater virtues."

An Essential Service

He pointed out that those in the life insurance business are associated with a form of economic activity which is inextricably woven with the whole fabric of competitive living, and that the record of the business over its history is one of great progress and expansion, "comparing favorably with that of business as a whole and at the same time providing a service which is as essential to a competitive economy as it is to the individuals living within it."

He considered it of prime importance that the business regard itself as an integral part and as an example of the competitive system in action; "to accept the responsibility not only of delineating the benefits of the life insurance business to the community, but also of explaining adequately how the business operates and why it does a better job of handling life insurance than would be the case with other methods. It is equally important that we accept the responsibility of continual examination of the structure of our business, to make sure that progressively we search out and correct our own faults."

Not only should the companies be continually alive to the possibilities of new plans and coverage, he said, but they should endeavor to make their contracts fit the circumstances of the policyowner as he progresses through life. He referred to the necessity of recognizing that the payment of life insurance premiums must be fitted more closely to the policyowner's current finances. He pointed out that virtually every other major family expenditure is handled on a pay-as-you-go basis, and that life insurance purchases will be carried out in this manner to an increasing extent.

Collection Problem

While he admitted that so far an inexpensive method of collecting premiums at frequent intervals on a widespread basis which could be made applicable to all policyowners had not yet been evolved, he believed there was a solution to the problem. He quoted from certain remarks he made on another occasion, dealing with the anticipated increase in the proportion of life business done on a monthly premium basis, and the grave problems which monthly premiums present in the field of operating costs.

He pointed out that the normal method of premium collection is very costly when twelve collections occur on a policy during each year, and that by far the most efficient method from the point of view of expense appears to be the deduction of premiums from payroll. But, as he said, the average employer feels it difficult to justify putting in a payroll deduction scheme for the policies of one insurance company alone.

Mr. Anderson said his personal hope was that the insurance industry as a whole would be able to evolve a "clearing house" procedure so that any employer would be able to provide for payroll deduction for insurance premiums and have dealings only with a single "clearing house" office, which would in turn handle the billings from the various companies. Such a method, in his opinion, would not only produce much more efficient collections but it could be expected that persistency would be ever so much better, since the average employee in transferring from one job to another would merely transfer his insurance pay deduction from one payroll to another.

Individual v. Group Cover

With respect to the existing state of confusions and doubt in some quarters as to the position of individual life insurance policies as compared with group or mass forms of coverage, he said that while this was a very important problem to which no simple answer could be given as yet, there seemed to be certain guiding principles which should be kept in mind.

As to individual life insurance, conducted through the agency system, he pointed out that it has reached a high degree of development on this continent; that it permits of tremendous variation in form and amount of coverage, depending upon the individual's own needs and circumstances; and that to a large extent its development has resulted from the high degree of freedom of action possessed by company, life underwriter and policyowner alike.

He regards the agency system, which imposes a significant element of cost upon the business, as indispensable to life insurance as we know it, for two main reasons, one of which is that the great majority of people do not act voluntarily to purchase life insurance, at least in sizable amounts, and that it is often necessary to resell them on the benefits of life insurance in order to induce them to keep their insurance in force. The other main reason is that the servicing of the business on the books requires the continued advice and counsel of trained life underwriters.

With respect to group or mass coverage, he said that circumstances sometimes arise, such as in the case of employees of the same employer, where there is a certain amount of life insurance protection that all employees may be expected to require, even though their individual responsibilities may necessitate varying amounts of additional life insurance. Where such a situation exists, group insurance may be a desirable solution. As neither individual selling nor individual servicing is required to anything like the same extent as in the case of individual policies, the remuneration of the agency force on group insurance is on a significantly lower scale.

As Mr. Anderson points out, this does not necessarily mean that the actual cost of group insurance is lower than for individual policies, as it is widespread practice to use group insurance as a means of granting coverage to those persons in a group who would otherwise be uninsurable, and savings in expenses are thus frequently balanced by higher mortality rates. Group insurance, he said, is impractical above the common level of insurance needed by all members of a group, and that beyond this point there are important areas of need for coverage that can only be dealt with feasibly through individual policies.

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Inquiries

Editor, About Insurance:

Are figures available showing the amount of fire insurance carried on dwellings in Canada as compared with the amount of fire insurance carried on sprinklered risks, and what the loss ratio is in each case?

D.F.H., Windsor, Ont.

This information with respect to the business of Dominion registered companies is available in the annual report of the Superintendent of Insurance, Ottawa. Latest published figures are for the year ended Dec. 31, 1945. The amount of fire insurance carried on brick protected dwellings in Canada was $534,377,423, the premiums written, $2,635,085; the claims incurred, $1,514,916; ratio of claims to premiums, 57.49 per cent. The amount carried on frame protected dwellings was $1,006,768,182; the premiums written, $7,771,717; the claims incurred, $3,279,545; ratio of claims to premiums, 42.20 per cent. The amount carried on unprotected dwellings was $330,687,102; the premiums written, $4,333,545; the claims incurred, $1,442,448; ratio of claims to premiums, 33.29 per cent. The amount of fire insurance carried on sprinklered risks of whatever nature or occupancy was $1,919,639,885; the premiums written, $6,767,194; the claims incurred, $2,676,371; ratio of claims to premiums written, 39.55 per cent.

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Editor, About Insurance:

Can you tell me if a company named General Casualty Company of America is regularly licensed in Canada and, if so, what its financial position is in this country and the classes of insurance it is authorized to transact here?

L. F. H., Winnipeg, Man.

General Casualty Company of America, an affiliate of the General Insurance Company of America, with head office in Seattle, Wash., and Canadian head office in Vancouver, B.C., was incorporated in 1925 and has been doing business in this country under Dominion registry since 1929. Latest published Government figures show that its total assets in Canada at the end of 1946 were $510,010, while its total liabilities in this country amounted to $188,920. Thus there was a surplus of assets in Canada over liabilities in Canada of $321,090. Its Government deposit at Ottawa for the protection of Canadian policyholders exclusively amounted to $396,650, and the company is regularly licensed to transact in Canada the business of accident insurance; automobile insurance, excluding insurance against loss of, or damage to, an automobile by fire; fidelity insurance; forgery insurance; plate glass insurance and theft insurance. Its income in 1946 in Canada was $196,765, and its claims and expenses incurred in this country amounted to $196,765. It showed an underwriting gain for the year of $23,612. The company is in a strong financial position, and all claims are readily collectable.

At Lustgarten in the Russian zone of Germany, a huge Communist demonstration was recently held. German school children were given a day off from school to attend and were taken in trucks to the rally where free candy was distributed. Grownups and children carried posters calling for "the protection of human rights through Socialism".

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Federal Plan May Keep Housing Prices High

By J. F. FLAHERTY

The Dominion's rent-insurance plan may in the end defeat the government's housing objective. It may put a floor under high prices for homes rather than provide low-rental accommodation.

Mr. Flaherty, of the Parliamentary Press Gallery, reviews the important points of Mr. Howe's amendment to the National Housing Act. It may immediately get apartment houses built, but the government will stand to lose if in a few years homes can be built for less.

THE steady expansion of the Dominion government's housing activities raises the question: Is the government with public funds building up a vested interest in high-priced living accommodation?

If that is the case, the result would be exactly the opposite of that for which the Dominion entered the housing picture in the first place. The key objective of federal housing legislation since the enactment of the first Dominion Housing Act in 1935 has been to provide Canadians with more and better houses at lesser cost. To a considerable degree that has been accomplished by the simple process of relieving those who build houses and loan money for the building of houses of part of their risk.

The latest government venture, rent insurance, is also calculated to take away some of the risk attendant on building a certain kind of living accommodation in special need at the moment. But it comes at a time when building costs are high by all previous standards, and probably inflated in comparison with the costs of producing goods and services even now.

Government To Lose?

In undertaking to insure rents the government may get more apartment houses built and get some built at lower cost than would otherwise be possible. At the same time it puts itself in the position of standing to lose if other people can build apartments to rent for less money two years or five years hence. Meantime the additional pressure applied to an already fully-employed building industry will tend to send costs and rents still higher.

Two years ago a lot was heard in parliament about housing. There were opposing demands for government-subsidized housing and that the government give private enterprise more freedom. This year there was less said in parliament but still plenty being said in the towns and cities where would-be householders scramble for homes, pay high prices for houses and high rents for the few new properties available for rent.

Irate owners of old properties feel themselves victimized by rent control. These difficulties result in a lot of talk on election platforms; perhaps the reason that they were not reflected in parliament this year is that members have no suggestions to offer in addition to those being applied by the government, and are a little doubtful about pushing the government further. The advocates of more government intervention and more freedom for private enterprise were no longer sure they had the answer.

In any case, when Mr. Howe brought in his amendment to the National Housing Act to authorize the novel rent insurance scheme there was a lot less heard from the opposition than was heard on similar occasions in recent years. Briefly, Mr. Howe's reasoning runs something like this: The government has been building a lot of houses for rent, acting as a landlord itself through the Wartime Housing scheme; it doesn't like that, wants private interests to build houses for rent; private interests are building a lot of houses for sale but not many for rent; at present levels there is money in building houses and apartments for rent; there is no ceiling on rents on new properties.

"It is our belief that the main deterrent to new rental construction is the fear that the day will come when comparable rental units can be built at a lesser figure with correspondingly lesser rentals," he said. "The builder and the landlord know that economic rentals at today's level will see them through. However, they doubt whether the present rentals will be maintained."

So the government is to take over the risk of a fall in building costs and rents in order to entice builders, landlords and loan companies to put up more apartment buildings. That is strictly in line with what the administration has been doing in other ways, also in line with the often-expressed desire voiced again by Mr. Howe this year: "I look forward to the day when the Dominion may withdraw from the field of direct house building."

Nation's Biggest Landlord

The Dominion government, however, is already the nation's biggest landlord and one of the biggest, if not the biggest, investors in mortgages on residential property. It has a big stake in the maintenance of moderate or high real estate values although its policy is to provide houses at the lowest cost. Its previous investments are generally covered with pretty adequate margins so that a considerable fall in values would not occasion great loss. Rent insurance puts it definitely in the position that it stands to lose if values go down.

Across Canada are many thousands of individual home owners and landlords who also stand to lose if values go down. They are the veterans and others who have paid too much for houses, borrowed too much; the builders and lenders who have been brash enough to risk money on homes for rent. When and if values start to slip, all these groups will pressure Ottawa for protection. They will be able to point to the protection Ottawa is giving certain landlords covered by rent insurance and to the public treasury's own interest in selling and lending values comparable with earlier costs of construction.

Housing admittedly is one of Canada's tough problems. Constitutionally speaking, it is clearly within the jurisdiction of the provinces. The fact that, despite the rapid growth of a giant housing enterprise at Ottawa, little has been heard about provincial rights from the critics of centralization may or may not be significant. Yet as a landlord and a mortgagee, as a town planner and a fixer of the terms on which a home-owner may obtain certain concessions in interest rates, the Dominion government is rapidly coming into the position of having a lot to say about the "property and civil rights" of a lot of people. As of the end of 1947 the Dominion government had something like $350,000,000 invested in houses, as owner, lessee, mortgagee. It had a direct interest in or had made some kind of contribution to the erection of more than 200,000 houses.

Housing Action Snowballs

That is the way Ottawa's housing activities snowballed from the year 1935 when a Conservative government bent on what some thought were excessively radical reforms persuaded parliament to put up $10,000,000 as a pump primer for a moribund building industry. The government then entered the housing field because no one was building houses, building workers were unemployed and citizens were becoming crowded into steadily worsening living quarters. In those depression times provincial and municipal governments were hard up. They could not, had they wanted to, have done much about getting houses built. The Dominion moved in on housing in the same way in which it had moved into unemployment relief, to meet a nation-wide problem with which local governments were unable to deal.

The pattern was for the Dominion to take part of the risk, enter into joint loans with lending companies, enable money to be advanced to builders at interest rates lower than would otherwise have been possible and on condition that houses were built to conform with specifications laid down by the Dominion. By means of standards thus imposed the Dominion protected its own investment and at the same time contributed to housing improvements.

Demand Spirals

Came the war and the lagging demand for houses spiralled as workers flocked to industrial centres. The government wanted production and regarded the provision of houses for war workers as part of the cost of munitions. The crown company, Wartime Housing Limited, built houses and rented them, built them with an eye to their being scrapped when the war ended with no one wanting to live in them. Came the peace and the demand for houses kept growing. Wartime Housing Limited kept on building, to make homes for veterans. It is still building, but Mr Howe says he wants to stop, wants private persons and corporations to do the job. But the more the government does the less private interests can do. Provincial governments and municipalities no longer operate in the financial strait jackets which engulfed them in the 1930's. They could, if they would, operate in the housing field.

Even the Socialist administration in Saskatchewan has not chosen to do so, despite election promises of what a C.C.F. government would do in Ontario. Perhaps the provinces, like the landlords, see a fall coming and are only too happy to have Ottawa take the risk. Perhaps they recognize that the present situation, so unlike the one in which governmental housing activity began, is one that calls for less rather than more governmental operation and that the growth of government interest will tend to put a floor under living costs, not a ceiling over them.

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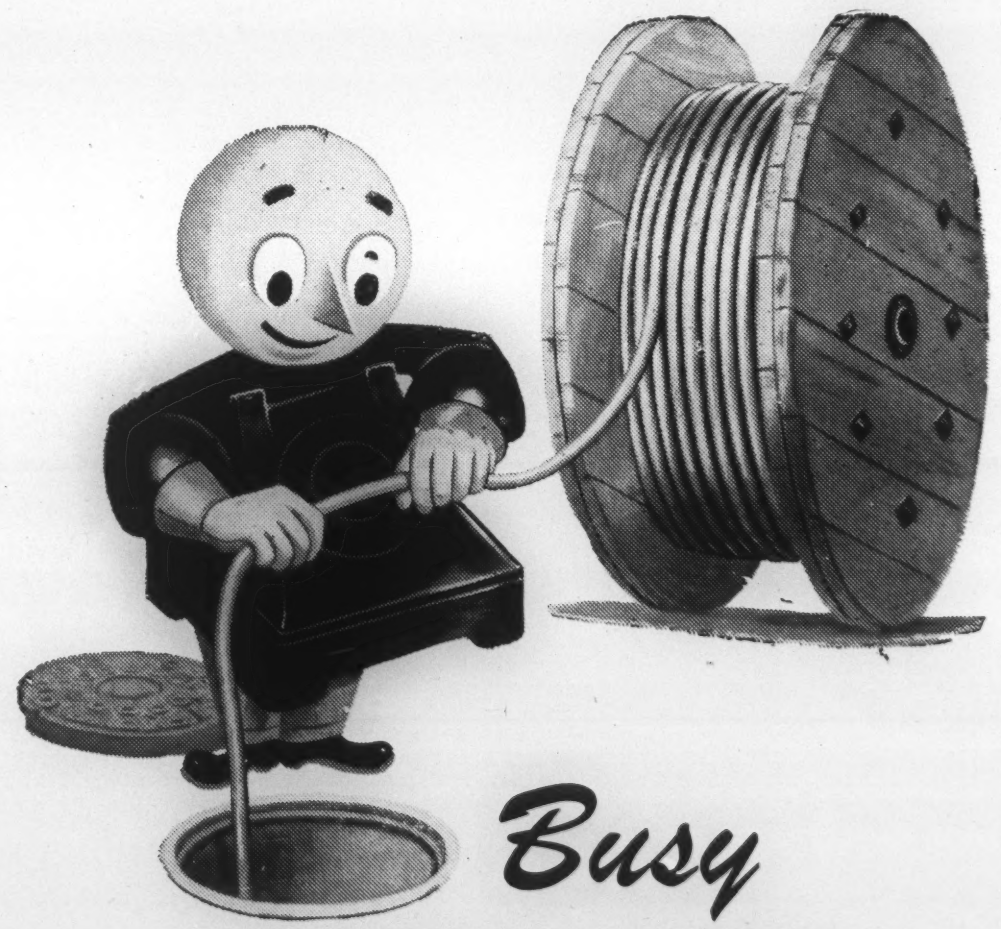

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Civilian Airmen To Fill Vital Defence Role

(*Continued from Page* 3)

rons receive full Air Force pay according to their rank for the time that they spend on duty with the squadron, with a maximum yearly service of 65 days. These 65 days include a hitch at summer camp for some of the squadrons. No. 400 City of Toronto Squadron left for a two-week camp session on June 26 where an intensive course in all the trades depicted here is being given.

Over 75 per cent of the Toronto Squadron (present strength about 130 officers and men) turned up at Camp Borden for two weeks, a week, or a weekend. Summer camp is excellent training for those who can go, but unfortunately there are two large obstacles — employers and wives. Many a wife feels somewhat strongly about her husband disappearing for two weeks and leaving her with the children, the house and the telephone. Some employers object on less reasonable grounds, forgetting that an Air Force can be a mighty useful thing at times.

Employers broke themselves down into four categories: those who gave two weeks leave of absence with pay; those who gave two weeks leave of absence and made up the difference between Air Force pay and civilian salary (the majority); those who gave two weeks leave of absence without pay; and those who just said "No!" One chap in the Squadron didn't have any worries at all—he works for the C.O.

Auxiliary summer camps are run exactly the same as any permanent R.C.A.F. camp with trade training, operational training, night and day flying, dawn patrols and the rest, although the Camp Borden prospectus adds such blandishments as bowling, tennis, softball, track and field, swimming, horseshoes, volley ball, golf, and the town of Barrie. "This friendly town", it says ". . . has many points of interest . . . As well as being a horticultural paradise, the park also serves as a bird and animal sanctuary."

No. 400 Squadron of Toronto, shown in the accompanying pictures, is pretty well typical of all the fighter squadrons. Standard equipment for an auxiliary fighter squadron is eight training planes (Harvards) and four De Havilland Vampires (jet-propelled). The jets are, of course, the most fascinating innovation to the layman and their scream as they pass over Toronto brings every child (and most adults) out into the streets to catch sight of them. Squadron members who fly them are most enthusiastic and claim they are easier to fly at high speed than the propeller type of plane. One pilot who, it must be admitted, is noted for his tall stories avers solemnly that he blacked out momentarily over Toronto and came to over Hamilton. At any rate the Vampires are one of the fastest planes in the world in general use. Their speed is about 540 m.p.h.

No. 400 Squadron is equally proud of its radar equipment and convoy of eight trucks. It is thoroughly up to date (unlike the Harvard training planes) and in one truck there is enough repair equipment to last for five years. It is completely mobile, self-contained and highly efficient.

Has History, Tradition

While discussing No. 400 Squadron in such detail it would not be proper to omit some account of its history; like all squadrons it is very proud of its history and tradition. Formed in 1932 as No. 10 Squadron, R.C.A.F. (NP), later changed to No. 110 with three Gypsy Moth aircraft, and about seven permanent staff members, by 1939 the squadron numbered 25 officers and 250 airmen. During the war No. 110 Squadron became No. 400 and despite the fact that its duties were mainly photographic it hung up a record of 23 enemy aircraft destroyed or damaged. Two years ago it reverted to Auxiliary Squadron status under Wing Commander G. W. Gooderham, A.F.C.

All the pictures of the squadron shown here stress the civilian aspect of the Auxiliary Air Force. A list of their daily occupations sounds as warlike as a telephone directory. They are salesmen, electricians, radio operators, advertising men, university students, photographers, artists, clerks and so forth. The C.O., for instance, is a partner in a Toronto brokerage office, and, after a busy day in the market, heads out to the airfield. War and casualty lists seem remote.

And this brings up the problem that statesmen, militarists, philosophers and educationalists have yet to answer. How can a country be peace-minded and still not get caught short? In the old days there was usually a fair amount of palaver before a war started; ultimatums were sent, embassies closed, notes exchanged and the date pretty well set. Nowadays there is little sign that such a build-up is likely. And it scares people. Sometimes it seems as if this fear is the main factor in keeping the world from settling down to study peace in earnest.

So much destructive power is available. We get uneasy lest someone lose his temper, push a button, and Boom! Boom! we've had it. Perhaps this fear is unreasonable. It probably is. But unreasonable fear is the hardest to overcome. It verges on panic. And until there is an answer to this problem of control of power, everyone is bound to ask—are our defence preparations enough? Is a civilian Air Force, no matter how efficient, a gamble?

It is true that Canada has always depended on volunteer defence. We have known that we would have time to recruit our civilian army when a national emergency arose since the United States and Britain would carry the brunt of war. Our role was the assistant's. But, if there is ever another war, there is every indication that Canada will be one of the battlegrounds, and the original defence will have to be partly our own. In realizing this we have increased the size of our forces much beyond their pre-war size.

But increased preparedness is a most expensive and not too sure method of preventing war. A much more difficult, but much more effective way would be to learn how to understand and so control power. Maybe our fear will frighten us into it. If we do learn, then an Air Force trained for war will be an unnecessary expense. If we don't, it may not be enough.

ACKNOWLEDGMENT

The photographs on pages 2 *and* 3 *were made by Sgt. C. E. Hope,* 400 *Auxiliary Squadron, R.C.A.F.*

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Company Reports

David & Frère

THE annual report of David & Frère Ltée. for the fiscal year ended March 31, 1948, shows net profits sharply increased at $213,604 against $88,077 for the previous year. Earnings improvement, it is pointed out by de Gaspé Beaubien, president, was shown in face of an abnormal advance in the price of raw materials brought about by the repeal of certain price controls. After adjustments, the surplus account was up from $373,291 to $525,000.

The balance sheet shows a strong financial position; current assets at the year-end were $827,472 and current liabilities, $203,353, the working capital being up from $526,220 to $624,119. In current assets, accounts receivables were up from $106,827 to $204,818 and inventories, from $186,390 to $303,326. Current liabilities increased from $91,487 to $203,353.

Mr. Beaubien states that sales increased 17% in spite of the fact that the higher price of raw materials had to be added to the sales prices.

Mex. Light & Power

CONSOLIDATED statement of Mexican Light and Power Co. Ltd. for the year 1947 shows combined gross earnings up at $19,924,090 from $18,236,578 in the previous year, an increase of 9.25 per cent. Net profit from operations, at $3,056,936, compared with 1946 figure of $2,787,385.

The balance sheet shows capital assets at almost $109 million; current assets at over $11.5 million and total assets at over $132.2 million. With current liabilities at over $4.4 million, working capital position stands at approximately $7.1 million. Profit and loss debit balance was reduced during the year to $5,022,885 by application of the year's credit balance of $878,938 to the account.

Chateau-Gai Wines

FOR the fiscal year ended April 30, 1948, Chateau-Gai Wines Ltd. reports net operating profit equal to $1.04 per share, the highest in the history of the company. This compares with earnings of 90 cents per share for the previous year.

Net earnings amounted to $263,247 as compared with $254,342. Depreciation provision totalled $34,490 as compared with $29,019 and income taxes were $87,690 as against $103,199, leaving net operating profit of $119,245 up from $103,318.

Earned surplus at the end of 1948 fiscal year amounted to $305,769 as compared with $199,566 previous year-end. Current assets totalled $1,280,771 vs. $1,016,407 and current liabilities of $407,500 compared to $237,131, leaving net working capital of $873,271, against $779,276 previously.

Goderich Elevator

THE annual report of Goderich Elevator and Transit Co. Ltd., for fiscal year ended March 31, 1948, shows net earnings of $131,789, equivalent to $1.57 per share, the highest earnings shown since 1929 and a substantial improvement over the $99,918, or $1.19 per share earned for year ended in 1947.

Operating profit of $227,128 for the latest year was up from $208,786 shown for 1946-47, investment income was $17,649, against $1,325. Depreciation was little changed at $30,689, while income tax provision was moderately higher at $82,300. Earned surplus, after payment of $84,006 or $1 per share in dividends, was $388,605 at March 31, 1948, versus $290,823 at the preceding fiscal year end.

Liquid position was further improved with net working capital of $523,006 at March 31, 1948, comparing with $461,700 at the close of the previous year.

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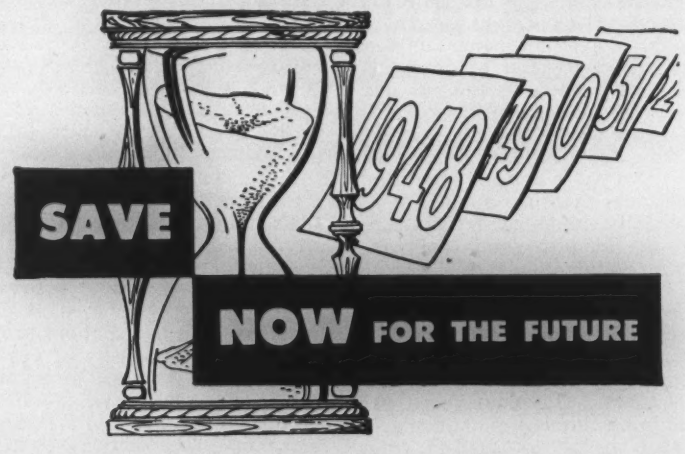

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